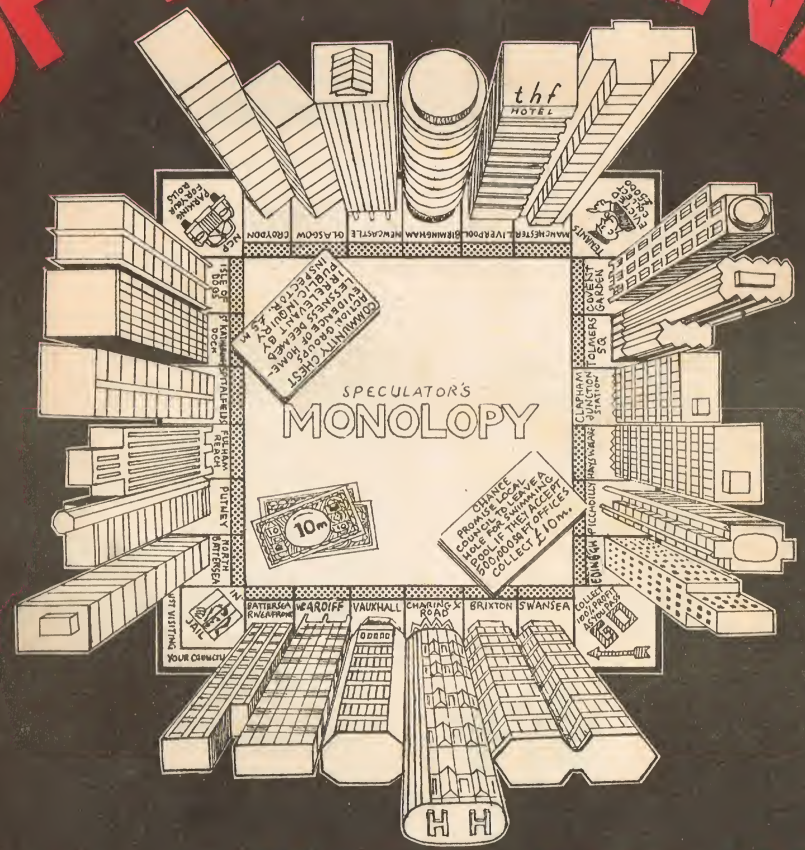
LIE OF THE LAND



COMMUNITY LAND ACT
Land Nationalisation Betrayed

T/SOC/3/52/66

SPECIAL REPORT

LIE OF THE LAND
THE COMMUNITY LAND ACT: BETRAYAL OF LAND NATIONALISATION

WHY IS HARRY HYAMS LAUGHING AT THE COMMUNITY LAND ACT?

THE COMMUNITY LAND ACT WAS SUPPOSED TO PUT AN END TO PROPERTY SPECULATION AND PROFITEERING FROM OFFICE AND COMMERCIAL DEVELOPMENT. THE ACT BECAME LAW LATE LAST YEAR. THE PROPERTY DEVELOPERS DON'T WANT TO REPEAL IT. THE TORIES NOW SEEM WILLING TO ACCEPT IT. WHY?

WHY IS THE LAND ACT A BETRAYAL OF THE LABOUR MOVEMENT'S DEMANDS FOR A SOCIALIST POLICY FOR LAND AND PROPERTY? WHY ARE COMMUNITY GROUPS BITTERLY DISAPPOINTED IN THE ACT?

READ THE DETAILS OF WHY THE DEVELOPERS ARE HAPPY, AND WHY WORKING CLASS COMMUNITIES ARE NOW THREATENED NOT JUST BY THE DEVELOPERS BUT BY THE COMMUNITY LAND ACT ITSELF!

WRITTEN BY THOSE INVOLVED IN COMMUNITY GROUPS IN THE VERY AREAS WHERE PROPERTY SPECULATION HAS BEEN MOST NOTORIOUS - FROM LONDON TO NEWCASTLE, BRIGHTON AND CARDIFF.

Published by

THE LAND CAMPAIGN WORKING PARTY

THE LAND CAMPAIGN WORKING PARTY is an ad hoc group of people working with community groups in areas directly affected by the disasters of property speculation, including Battersea Redevelopment Action Group, North Southwark Community Development Group, and SCAT (Shelter Community Action Team).

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WHAT THIS PAMPHLET IS ABOUT

This pamphlet on the Community Land Act has been written by representatives of tenants associations, community groups and projects who came together in 1973 to form the Land Campaign Working Party. The Working Party arose out of public meetings held in 1973 and 1974 in London to campaign for land nationalisation. The groups attending the meetings had been suffering from property dealing and land speculation in their own areas and were looking desperately for some answers. Attention was focused on the Labour Party's proposals for land which were about to be published in the Land White Paper in September 1974. The Working Party wanted to know whether these proposals would do anything to reverse the tide of speculation and dereliction especially in inner urban areas.

Though realising from the outset the limitations of the proposals in the Land White Paper, it was nevertheless thought by the Working Party, and by many in the labour movement and in community groups, that there might be some progressive aspects in the government's proposals that could be of use to working class communities. The White Paper had stated that the aims of the new land scheme were:

> "To enable the community to control the development of land in accordance with its needs and priorities, and ... to restore to the community the increase in value of land arising from its own efforts."

The Working Party thought that with pressure from the labour movement the government could enable local councils to acquire and develop land under the Act for council housing, schools, hospitals, etc, and if this was achieved the Act would have done something important. It was in this context that the Working Party came up with the idea of producing a "guide" to the Community Land Act for local groups and trade unions which would encourage groups to press for radical implementation of the legislation when it was finally drafted and enacted.

But as the White Paper was translated into a Bill and then into an Act between 1974 and 1976, and as the Department of the Environment began issuing their own Circulars explaining how local authorities should interpret and implement the Act, it became clear that the Act was quite unable to achieve its aims and was in fact a retreat from land nationalisation. Thus, instead of producing a guide to the Act, the Working Party decided to produce a more comprehensive pamphlet which examines the Act and why it has failed as a step towards land nationalisation, and warns groups about how the Act will further endanger their areas.

Real needs ignored

In the pamphlet, we show that the Land Act, because of the way in which it was devised and is now being put into operation, will do nothing to alter the situation in which scarce land is developed privately for profitable uses in defiance of the real "needs and priorities" of working class communities. The pamphlet argues that, by bending over backwards to produce an Act that suits the interests of private developers, the government has produced a scheme which could actually make the situation worse for those communities. For local councils will themselves be forced (with some more willing than others) to join the ranks of the developers exploiting land for the most profitable uses.

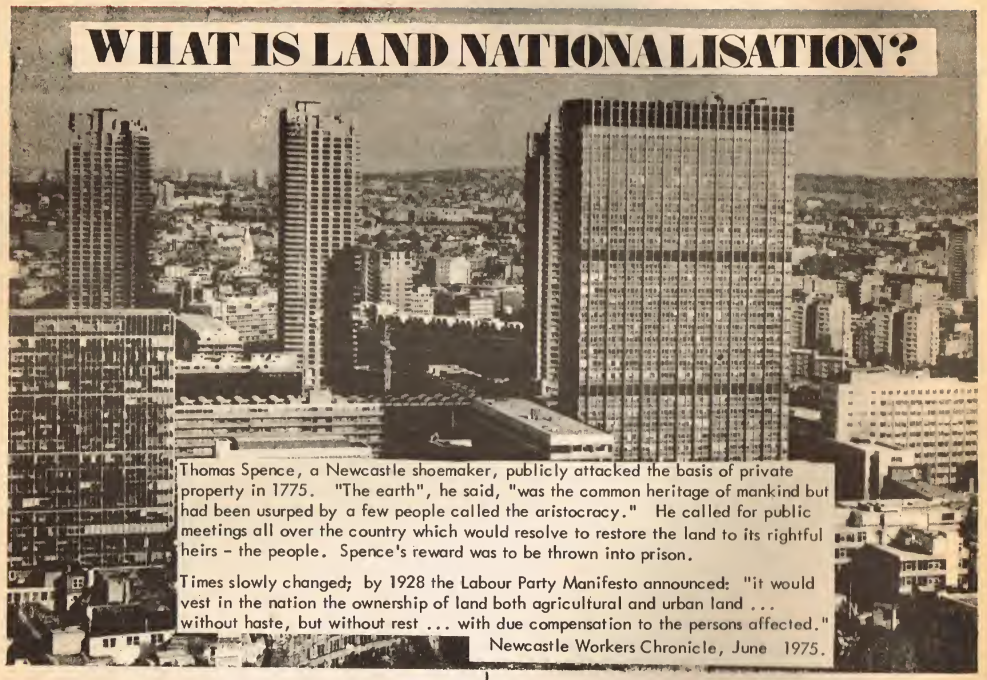
This view of the Act is not a widely held one. So far the Act has been loudly attacked from the Right - the Tories have promised to repeal it if they return to power. Builders, landowners, and developers initially screamed that there would be a "land famine" and some professional bodies have said that the Act would be "unworkable". Critics within the Labour Party have been subdued because they suspect that it has to be "this Act or nothing" if anything is to be done about land nationalisation by this Labour government. Union leaders seem to have accepted the Act as fulfilling Labour's past promises on the land issue. However, tenants associations, community groups and trade unionists who have looked to the new Act to provide land for houses or industry in their area, or who already have had bitter experience of council/developer partnerships, now regard the Community Land Act as a sell-out.

In this pamphlet we propose to : -

- Explain the Act itself and the way it is to operate.
- Point out the dangers of the Act for working class areas.
- Show how the property market is dictating the way in which the Act will operate.
- Use case studies from all over the country to show why the Act is such a bitter disappointment to community groups.
- Show that the Community Land Act is not land nationalisation and does not even begin to deal with land and property problems facing many working class communities.
- Show why a real programme of land nationalisation is an essential step towards enabling development to take place in accordance with "the needs and priorities" of communities, and why even that, on its own, is not enough.

CHAPTER ONE

WHAT IS LAND NATIONALISATION?



Thomas Spence, a Newcastle shoemaker, publicly attacked the basis of private property in 1775. "The earth", he said, "was the common heritage of mankind but had been usurped by a few people called the aristocracy." He called for public meetings all over the country which would resolve to restore the land to its rightful heirs – the people. Spence's reward was to be thrown into prison.

Times slowly changed; by 1928 the Labour Party Manifesto announced: "it would vest in the nation the ownership of land both agricultural and urban land ... without haste, but without rest ... with due compensation to the persons affected."

Newcastle Workers Chronicle, June 1975.

Thomas Spence is only one of a long line of individuals and movements which have demanded the nationalisation of all land as a major step towards socialism, by the removal of the inequality of wealth and power which are directly related to the private ownership of land and buildings. Labour governments since the 1928 Manifesto however, have consistently failed to fulfill the promise to nationalise all land.

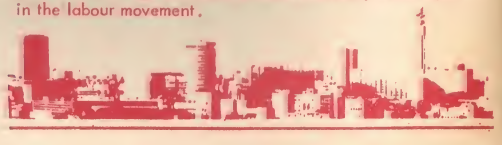
New Act isn't nationalisation

According to the Tory press at the time the Community Land Act was going through Parliament, the Act was land nationalisation, or at least so close to it that it was dubbed the 'Communist Land Act'. In fact, the Community Land Act (CLA) is intended to take some development land into council ownership, over a long period, and, together with the Development Land Tax (DLT), to tax some of the private profits made out of developing the land. But the land acquired under the Act will immediately be leased back to private developers for them to carry out the same sort of commercial, industrial or private housing developments they have always carried out.

Because the CLA, DLT and previous similar measures introduced by Labour governments (see p28) depend upon a healthy and profitable private development market for their operation, they neither tackle the basic issue of the inequality of wealth arising from private exploitation and control of land, nor do they provide any further community control over the environmental and social damage done to working class areas by office and commercial development.

Nationalisation of land and buildings, on the other hand, is a measure which would allow the immediate public ownership of all land, so that the occupiers of present and future buildings on nationalised land, and companies or individuals who wanted to use the land for agriculture, mineral extraction, etc, would pay into the public purse a rent for the right to use the land for a number of years.

Coupled with an effective and publicly controlled system of planning, public resources and a public development industry to build for community needs, this land nationalisation would both remove the exploitation of land for private gain and give the community control over its most basic resource. This pamphlet does not attempt to deal with the various suggested methods of nationalising land – the length of leases given to occupiers of buildings on the land, the amount of compensation to be paid to existing landlords, and so on. The debate about methods will only become meaningful once the principle of nationalising land and buildings is accepted and effectively acted upon in the labour movement.



Why is it necessary?

In order to understand why land nationalisation is such an important issue, it is necessary to understand certain basic facts about the role land and its ownership plays in our present economic system.

Land is a basic and key resource: whatever is built and produced has to be built or produced on land. Its importance within the economic system is very great.

Under our present economic system, areas of concentrated development – towns and cities – have grown up in which it is possible for property investors to make greater profits from their investment. This is because of the concentration of population, infrastructure – roads, public transport, sewers – ancillary industries and services, which occurs in these areas of growth. In these urban and industrial areas, the most desirable locations (i.e. those where the investor can expect to make the greatest profit) are in scarce supply. So tremendous pressure is built up by present and prospective land owners and investors for land in these locations to be developed or redeveloped for a more profitable purpose. This may involve a change in the existing use of land – for example, agricultural land is developed for private housing, older inner city housing and shopping areas are redeveloped for high rise office blocks and new shopping centres, areas of working class rented housing near city centres are rehabilitated or redeveloped for luxury private housing. This pressure for greater profits to be made from land may also result in, say, industrial land and factories being redeveloped more 'intensively', so that more goods can be produced by fewer workers from a new or reconstructed factory on the same site, or a higher rent charged.

The price of land which changes hands for development or redevelopment is rarely determined by its existing use, i.e. the buildings or work taking place on the land now, but rather by the expected profitability of its alternative use or uses. So a large element of the price of this land is actually development value – its price once developed for an alternative, more profitable use.

PRIVATELY OWNED LAND RENTED OUT FOR DIFFERENT USES – RENTS AND VALUES

Land Use	Typical rent (per year, per sq. ft.)	Therefore gross annual revenue per 1000 sq. ft. of building	Typical plot ratio (ratio of area of floorspace to area of site)	Therefore gross annual revenue per 1000 sq. ft. of site.
Housing (Privately rented)	80p	£800	0.5 (allows for garden)	£400
Factories/ Warehouses	£2.00	£2,000	0.5	£1,000
Shops	£3.00	£3,000	1.0	£3,000
Offices (Provincial city)	£4.00	£4,000	4.0	£16,000
Offices (Central London)	£12.00	£12,000	5.0	£60,000

(Source: Various property journals (eg Estates Times)) (With thanks to Peter Ambrose)

PRIVATE PROFIT v PUBLIC POVERTY: The effects of the private ownership of land

Given the pressures for and profitability of investment and development of land, the private ownership and control of land has disastrous consequences:

It is one of the main bases of social and economic inequality

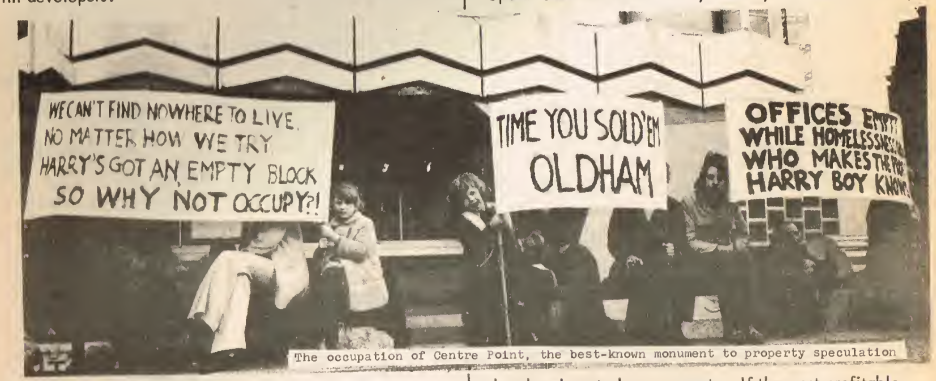
It is not only the windfall profits made out of land deals that concern us; it is the continuing and massive economic and political power derived from the ownership of land that has been attacked by socialists. As recently as the last century, the right to vote or to stand for Parliament was only available to land and property owners. In Northern Ireland the restriction of voting rights to those who owned land was only abolished in 1968. The most valuable land is owned by the wealthiest people: private individuals with personal wealth in excess of £50,000 own more than 70% of all land (measured by value). 37% of the total national physical assets (mostly land and buildings) measured by value is owned by private companies.

✪ It's highly profitable to invest in land

The financial institutions - banks, pension funds, insurance companies, unit trusts - invested heavily in property during the period 1971-73, both directly by lending funds to property companies, and indirectly by purchasing shares in these companies. The extent of this investment is shown in that in 1973 the Prudential invested nearly 50% of its funds into land and property.

The largest pension fund, the Post Office Superannuation Fund, with yearly contributions of £140 million, in 1974/75 had investments in land and property of £37 million. £27 m of this was in commercial property in the U.K., £7.6 m in commercial property in Canada, and £2 m in agriculture in the U.K.

In 1974 insurance companies had investments in land and property totalling £3904 million (plus £1474 million in home loans), and pension funds had £1700 million (plus £254 million in property and unit trusts). 'Nationalised' industries such as the Post Office and British Rail have also been sucked into the property market - using public funds to compete or co-operate with developers.



The occupation of Centre Point, the best-known monument to property speculation

And this investment in land and property by insurance companies and pension funds has increased dramatically, as the following figures show:

Insurance Company and Pension Fund Investment

% of their net annual investment in land, property and ground rents.

	1965	1974
Insurance companies	13.6%	42.0%
Pension funds	8.3%	15.5%

(Pilcher Report)

Declining profits in British industry have led to private investors refusing to put funds into industry: industrial investment has fallen by 13% in 1976. In contrast, massive amounts of investment flow into non-productive property speculation which exploits land for its most profitable use, rather than developing it for non-profitable social and community uses.

✪ Private landowners and developers never pay the social costs of their activities

The private landowner or developer is only concerned about the return to himself or his company on the development carried out. The criteria he uses in deciding whether to go ahead with purchase or development of the land are the costs of construction, borrowing money, price of land, etc, and the level of profit that can be made from the possible types of development. If the development will mean the destruction of a working class area, with the loss of low rent housing, local shops and jobs, that is of no concern to the land owner. If the development leads to an increase in land prices in surrounding areas, to the point where the council cannot afford to buy land for a new school, or council housing, the developer is not worried. But the local council will have to pay for the developer's actions, either by borrowing more money on the private market to pay the increased land costs, or by compensating for the problem in some other way.

The real 'social costs' of the private land market's operations are borne directly both by individuals and by local and central government. If the most profitable use of land is allowed, through the granting of planning permission, this means that the services and developments actually needed by residents and workers have to be built elsewhere. Low cost housing, squeezed out of city and town centres as unprofitable, is rebuilt on the edge of the urban area. But householders still have to travel in to the centre for work, entertainment, etc, and have to pay increasing transport costs out of their wage packets. When industry is pushed out of an area where there is pressure for redevelopment of the land with more profitable uses, workers who can't move where the industry moves are made redundant and they and their families suffer directly.

When the private investors, developers, or landowners decide that it is not profitable to replace essential low-cost housing, industry or community facilities and services lost from an area because of private redevelopment schemes, then the public sector (councils and central government) has to step in and pick up the extra bill for replacing the houses, subsidising new industrial development, or paying unemployment benefit to workers whose jobs have been 'wiped out'.

PLANNING CONTROLS: Why can't they be used to prevent the disasters of private land ownership?

We have in Britain one of the strictest and most developed systems of planning controls in the western world. And yet we are constantly faced with overwhelming evidence of the inability of the planning system to either prevent or compensate for the destruction of houses and community facilities, for the loss of industry and jobs, or for the pollution of the countryside caused by the development of land for private profit. There are several reasons for this:

1. The planning system is not a 'neutral' tool designed to protect the public interest against harmful development. It is under political control and is used to achieve a distribution of resources - land, housing, jobs, education opportunities, etc - according to the social and economic goals of the council, or the government, in power at the time. As we explain later in this pamphlet (see p), the Community Land Act is a prime example of how political control from Westminster can mean that planning controls are useless against the pressure for more private development.

2. Planning controls are used to produce a more ordered system of land use, within the constraints and pressures imposed by the economic system. Given:-

- the pressures, described earlier, for development and redevelopment of land in and around towns and cities;
- the fact that so little of this land is in public ownership; and
- the situation in which private capital finances and hence controls, most development ....

the planning system can only swim with the tide of private development. A planning authority can, given the political will, include in its assessment of applications for development a concern for the social effects of allowing a scheme and may as a result refuse planning permission for a few schemes. But once the town plan has 'zoned' an area for office and commercial development and once the councillors have decided that private investment must be attracted to the area to provide developments such as a new shopping centre which will in turn bring further investment, then planning controls are immediately limited in effect. And of course, they are negative controls. The council cannot force private developers to carry out non-profitable development of community facilities. And if the zoning of land uses is not carried out according to the demands and pressures of the private market, then the 'wrongly' zoned land will remain derelict and buildings on it will be allowed to deteriorate.

Problems created by planning

3. The operation of planning controls can in fact increase the pressure on land and hence its price. For example, the 'green belt' policy operated by many urban councils increases the price of land bordering on the green belt; zoning policies mean that all land within an area zoned for commercial uses, whether already developed or not, will cost more; restrictions on office development for a period of time - like George Brown's ban on office development in central London in the mid 1960s - lead to an immediate increase in the value of existing office sites. This leads to a situation in which the use of planning controls can prevent councils from achieving certain social goals. For example, a council under pressure to improve the 'image' of the area and to increase its income from rates, gives planning permission for a new shopping development or a new factory which immediately increases the attraction and hence the price of land adjacent to the new development.

This means that the goal of replacing rundown private housing with council housing on the land adjacent to the shopping centre cannot be achieved because the land costs are now too high for the public purse.

All these pressures combine to reduce the effectiveness of the planning system operating within the present economic system.

SWANSEA: Planning 'tools' misused

New shopping developments have featured in thousands of town centre schemes in the last twenty years. But were the vast amounts of extra shopping space really needed?

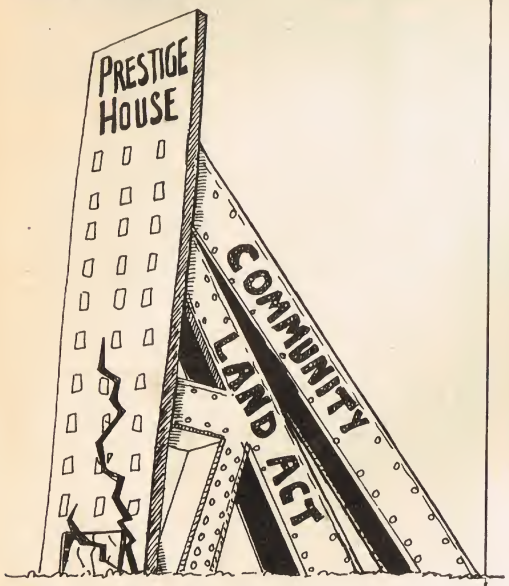
A government circular in 1966 warned councils against following the trend and allowing developers to build large shopping centres which were well in excess of what was needed. But governments have consistently failed to impose planning criteria which would control this kind of development, and local authorities have continued to encourage and work with developers on massive town centre shopping schemes. Local councils have either chosen to ignore the blight caused by overestimating shopping needs, or have actually 'arranged' the town so that the shops are filled up with tenants and customers at the expense of shops in other areas.

An example of this is currently taking place in Swansea, where the council was told by consultantsin 1969 that an extra 300,000 square feet of shopping space would be needed by 1981. This figure was based on a council planning department survey. However, the 1971 Census of Distribution revealed that the council's survey had failed to take account of an enormous amount of existing shopping provision in the area. The plans for the private shopping development of 300,000 sq. ft. is going ahead although virtually all the predicted need already exists. Now the Structure Plan - put out for public consultation in 1976 - says there is an 'over-concentration' of shops in Swansea Town Centre. This sort of story has been repeated all over the country.

WHY LAND NATIONALISATION ON ITS OWN IS NOT ENOUGH

We have argued that land nationalisation is essential to a socialist land policy which would meet the needs of urban and rural areas. It would hand back control over the price of land to the community, and would help to strengthen the basis upon which planning controls could operate because ownership is such an important element of control over the use of the land.

On the other hand, measures like the Community Land Act (together with the Development Land Tax – see p 38) depend entirely upon a healthy and profitable private development market, and increasing land prices for their operation. Because the government has shown itself unwilling to make the political and financial commitment necessary to make land nationalisation work, it has tried to make its land scheme self-financing, through a rolling programme of land acquisition at less than market price and then selling or leasing off the land for private development at market price. Therefore the government depends upon having a private development market to sell to, and has a vested interest in ensuring that development values increase. The need for profit is built into the land scheme.



Propping up the private market

If the property market collapses, the Community Land Act and Development Land Tax cannot operate. The property market in turn depends upon investment by the financial institutions in the commercial development to take place on the land. Therefore, having committed itself to a policy for land like that contained in the Community Land Act, the government cannot risk upsetting the apple cart of profitable commercial development. Thus, a Labour government ends up supporting all the anti-social activities of the property market.

But the implications of this policy are far wider. The Pilcher Report on Commercial Property Development (see Chapter 2) – chaired by Dennis Pilcher, a man with very close links with the property world – says quite clearly that 'a healthy market in commercial property is necessary for the achievement of (the present government's) social and economic objectives'. (Pilcher, 5.4 and 3.6) These objectives include investment in manufacturing industry, which the government feels will solve the economic crisis, and which is supposed to come when the money at present 'tied up' in the slump in property values is released.

Fatal mistake

However, this argument makes the fatal mistake of assuming that once the property market is healthy again and producing higher returns (i.e. profits) on money invested than industry does, then the financial institutions will suddenly develop a 'social conscience' and put more of their money into industry. In fact, if property development is more profitable, that is where the money will go.

This exactly illustrates the reason why land nationalisation on its own is not enough. Without public control over the investment decisions of the financial institutions, we will continue to see precisely the same sort of commercial development taking place on land as in the past. If all land were nationalised tomorrow, the property market would quickly recover from the shock and find new ways of exploiting property development for private gain. For example, the property lobby would exert its political power to ensure that the terms and length of leases given on the land suit the requirements of investors and developers. Speculation in leases on buildings already takes place – this whole area would be expanded and refined and would be effectively outside the control of the government.

The socialist goals of economic reform and social equality, which have always been at the root of demands for land nationalisation, cannot be achieved without:–

- public control over the financial institutions
- greater local control over planning decisions
- more money for councils to carry out public development on nationalised land
- the end of a private market in land and buildings.

In this section we have tried to show that the problems of the exploitation of land for profit are only a reflection of the general way our economic system is organised, and that the nationalisation of one part of that system by itself cannot solve the basic problems.

CHAPTER TWO
THE LAND ACT & THE PROPERTY MARKET

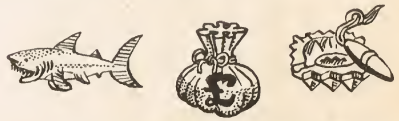
The Community Land Act has produced a variety of reactions in the property world, each reflecting divisions and conflicts within the land and property market itself. Though landowners have in general opposed it on the grounds of compensation being paid at less than market value, spokesmen for the developers, financial institutions and property professions are now prepared to accept it and adapt to it, as long as it is implemented on their terms. Everyone actually involved in the property market knows that the Act is light years away from land nationalisation and state control of development. The market is much more concerned with the present slump in development and values and fears the Act only in as much as it could prolong this state of affairs.

Property world now supports the Act

Both the British Property Federation and the Royal Institution of Chartered Surveyors, the most influential professional body involved, have come out against repeal of the Land Act, believing that such a pledge would increase uncertainty in the market. The views of the financial institutions, such as pension funds, insurance companies and banks, on the Land Act are clearly stated in the first Report of the Advisory Group on Commercial Property Development, a Group set up by Anthony Crosland under the chairmanship of Dennis Pilcher, which reported in November 1975. The message of the Pilcher Report is that the institutions are prepared to co-operate with the new legislation as long as the government and local authorities accept their terms.

Since it is likely that the institutions will be providing most of the money for development on Community Land Act land, the authorities will have no choice. Without institutional support, there will be no development. It is as well, therefore, to consider these terms for they will constitute the framework within which local authorities and the public will be forced to work, whether or not the government provides the money for local authorities to acquire development land.

In general, the institutions accept the principle of returning much of the increase in development value due to planning permission to the community. But beyond that they see little reason for public intervention. In particular, they expect, and indeed have been virtually assured by the government, that the profits from building will remain in private hands. The principle concern of the developers and institutions is to ensure that the level of profit they require is not threatened.



The most important issue raised by the Land Act as far as the institutions are concerned is the replacement of freehold tenure by leasehold. The insurance companies have told the Pilcher Group that 70–80% of their property investment is in freeholds. Most pension funds invest in freeholds only. The reason for this is that freeholds retain and often increase their value over time while the value of a leasehold falls. They say that they

will require from a 125-year leasehold office site a rate of return which is 1 - 1½ % higher than the current 7% yield for a freehold site. Thus, they will want a ground rent and share in the profits from development which is almost 20% higher than a freehold investment. Inevitably, this will affect both their willingness to acquire leases and the nature of the development they are likely to prefer.

Council forced to give long leases

Local authorities will, therefore, be forced to sell leases which suit these requirements. If these terms are not attractive enough, the institutions will prefer to concentrate on existing freehold investments and on developments which fall outside the scope of the Act. The Pilcher Report emphasises that the institutions will show no interest at all unless the leases are very long (at least 125 years). The shorter the lease, the higher the rate of return demanded and the more onerous the burden on the local authority will be. Without the interest of the institutions in leases which are placed on the market by local authorities, very little development will take place, and local authorities will be saddled with a mounting debt. Local authorities will be forced to dispose of leases at low rents so that they can compete with existing freeholds and other investments.

Speculator's Monopoly is a one - sided game!!

In addition to this, the Pilcher Report stresses that the institutions will want to be assured of an adequate return before considering rental participation by the local authority in the building itself. Already there are reports of developers in Wandsworth and Cardiff threatening not to co-operate unless they receive 200 year or even 999 year leases (see report from Cardiff, p.14).

Also of great concern to the institutions is the high rate of taxation of development gains proposed in the Development Land Tax Act. Though insurance companies pay Capital Gains Tax and are reconciled to the fact that they will have to pay DLT, pension funds and property unit trusts have never paid Capital Gains Tax and are presently campaigning to be treated as exempt from DLT like the Church Commissioners and charities. If they do not receive concessions they have threatened not to invest in property. The Pilcher Group concluded that the result of this would be a reduction in demand (and price) for leases which local authorities are offering for sale. The institutions as a whole have told the

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(See 'Community Action' No.12, p.29 and 'The Property Machine' for a simple explanation of how property is valued.)

Group that if they are to be liable to tax on development gains they should be "treated in terms of taxation on the same basis as other productive enterprises", i.e. at the same rate (52%) as Corporation Tax.

The Pilcher Group has also been told that the institutions will be totally opposed to the application of the Land Act to buildings which are to be redeveloped under Schedule 8 of the 1971 Town and Country Planning Act. This Schedule allows a landowner to increase the floorspace of a building on redevelopment by 10% without applying for planning permission, as long as there is no change of use. The institutions have argued that these developments should be exempt from acquisition by local authorities because institutions have acquired these buildings as an investment on the assumption that redevelopment within the 10% tolerance will be allowed. To be divested of their freehold investments at this stage, they argued, would damage their investment. This was

why the government did in fact make such rebuilding exempt from the Community Land Act. It is likely therefore that the institutions will concentrate a large part of their investment in freehold properties and other 'exempted' categories of land and development which allow this potential to be exploited. In many cases, these will be buildings that they already own.

'Public participation delays development'

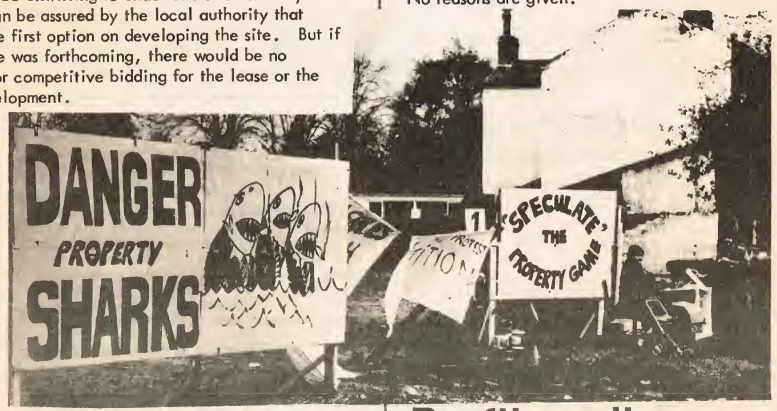
A final major issue for the institutions is the effect of 'delay due to public consultation' on the profitability of development schemes. This issue comes up again and again in the Pilcher Report. Pilcher concludes that government at all levels should do "all in its power" to speed up the reaching of decisions on planning applications. "The crippling consequences of delay out-weigh any value of public participation for its own sake", he says. Moreover, the report says participation should be limited to "planning matters" while decisions such as

"the choice of the developer and investor, the terms of the disposal of the site or local authority involvement in the development, and the letting of the completed development" are not proper matters for public participation. He recommends that "in the interests of speed and effective decision-making and negotiation, the detailed planning and implementation of development schemes should not be conducted in public in Council or committee."

No doubt if the institutions do not think that local authorities can keep to their side of the bargain there is no reason why they should consider purchasing leases from them. To quote Pilcher again, "In practice, local authorities will not gain the interest of investors or developers if unreasonable terms are sought."

Financiers dictate their terms

The role of the financial institutions under the new Act is therefore largely dictated by the terms which they themselves lay down to the government and local authorities but what of the developers? Their traditional role has been in site assembly and the co-ordination of development proposals. In theory, under the Community Land Act the former role could be performed by local authorities while institutions could arrange the development itself. Will the huge speculative site assembly operations of the 1960s (e.g. Joe Levy and Tolmers Square) happen again? Developers will probably be unwilling to undertake site assembly unless they can be assured by the local authority that they will have first option on developing the site. But if such assurance was forthcoming, there would be no opportunity for competitive bidding for the lease or the eventual development.



If local authorities decided to take on this role (of site assembly, etc.) as they have sometimes done in the past, they may find that landowners are unwilling to sell (in the transitional stage of the Act) unless they are offered a stake in the development. Either way, local authorities could find themselves obligated to developers or landowners well before the planning stage is reached.

Small developers sqeezed out

While the larger developers are fairly confident that they can work with the local authorities and institutions, the smaller developers fear that they will be squeezed out. Some will be able to exist happily undertaking small developments which fall outside the powers of the Act, but others will find their functions pre-empted by local authorities and the institutions. In general, the larger developers are arguing that they are professionals who ought to be respected and utilised by local authorities. This, in fact, is the recommendation of the Pilcher Report.

These then are the terms of the development lobby. If they are accepted the Act will "work". If they are not, it will either have to be watered down still further or be repealed. It is important to add that the Pilcher Group considered the idea of public development companies but concluded predictably that they were "not likely to provide a promising mechanism for general application in commercial property development". No reasons are given.

Profits roll on

Thus, in spite of the hysterical outcry against the Act by landowners and the Tory Party, developers and financial institutions through their lobbying efforts have managed to ensure that the Act will be implemented on their terms. They recognise that selective acquisition of land by local authorities will remove from development companies the burden of land purchase and will allow them, given the guarantee of exceptionally long ground leases, to retain the benefits of building rents and the appreciation of building values. There is little doubt that there will continue to be a flourishing investment market in land and property which lie outside the scope of the Act. The financial institutions have now also made sure that there will be a profitable investment market inside the scope of the Act.

CHAPTER THREE
REPORTS FROM AROUND THE COUNTRY

As we said at the beginning of this pamphlet, community groups all over the country had looked to the Community Land Act to do two main things: to provide more land, particularly in urban areas, for urgently needed public housing, new schools, modern hospitals, play space for kids, and so on, and to give councils stronger powers and resources to control the developers and speculators who blight and destroy working class areas for private gain.

These same groups, when they realise what the CLA's really about, are bitterly disappointed and angry. We have received the following reports from Cardiff, Battersea, Newcastle, North Southwark and Lewes. They all illustrate the points made in Chapter 1 - that public ownership of land on its own is not enough. It does not ensure that land is used for the real needs of local communities. The key question still remains - who actually controls the use of land? In these reports it is clear that the developers will still call the tune, aided and abetted by local authorities. The Community Land Act is not going to alter the basic power balance of the situation. Despite all the talk about tapping developers' profits, these reports also suggest that the enormous profits being made by private developers will continue under the Community Land Act. A further major weakness identified is that the major 'exception' to the Act - land with planning permission granted before September 1974 - accounts for a very large percentage of development land in many areas, thus preventing the council having any positive say in the use of this land and encouraging a boom in the prices of this new scarce 'commodity'.

The reports point to the basic fact that the Community Land Act will not give councils the ability they need to control what is built on land they will own. They provide a damning indictment of the use of the term 'community' in the title given to the Act.

SOUTHWARK:
Hays Wharf

Hays Wharf is what land nationalisation is all about. Thirty acres of riverside land exactly opposite the City of London, Hays Wharf has been the object of speculation and property manoeuvring for over 20 years. The Proprietors of Hays Wharf began acquiring the freeholds of the Wharf back in the 1950s. In 1967 the company started to lay off dock workers. By 1970, the Wharf was closed, with a loss of 2,000 jobs. Development options for the land were sold to three companies which divided up the Wharf between them. These were Argyle Securities (a Sir Jimmy Goldsmith company), Amalgamated Investment and Property (now in receivership) and the St. Martin's Property Corporation (later acquired by the Kuwait Government).

Biggest disaster since the Great Fire!

In 1971 Hays Wharf unveiled a grandiose office/hotel/housing scheme called "City Within a City", incorporating 1.5 million square feet of offices, which was hailed as "the most exciting redevelopment in London since the Great Fire of 1666". Though the developers were not even close to the planning application stage and had no Office Development Permits, share dealing in Hays Wharf and the three property companies was fast and furious for the next two years. Even after the property boom had collapsed, Hays Wharf was considered such a good speculative investment that the St. Martin's Property Corporation (i.e. the Kuwait Government) made a bid for the Hays Wharf Company. The City Takeover Panel stepped in to stop this and St. Martins had to be satisfied for the time being with a 32% stake.

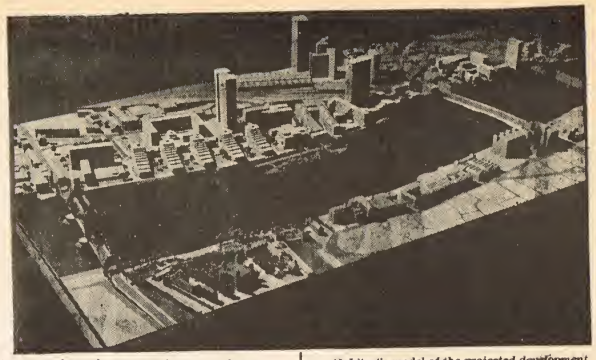
The main reason why "City Within a City" did not make if off the drawing boards was controversy in Southwark over what development should be allowed. Local tenants and trade unionists have demanded that, since they were brought to the area to work on the wharves, they should get the benefits of redevelopment. They have campaigned for housing, industry, and open space. To those living in the inter-war council estates behind Hays Wharf, the land is seen as one answer to the decline and deprivation of their area. Southwark Council, for their part, have been prevented from adopting "City Within a City" even though most councillors and officers supported it in principle, because of public controversy and the general slowness of getting large "mixed development" schemes through the planning process.

Community's struggle will go on

The question now is what difference will the Community Land Act make? There are several reasons for thinking that the Act will not make the struggle of the community any easier.

(i) According to the Act, land acquired must be developed in accordance with the prevailing Development Plan. Hays Wharf is designated in the Greater London Development Plan and in Southwark's Thames-side Strategy Plan for "West End and City uses", i.e. private commercial development. Also, the Thames-side area is designated in the Greater London Development Plan as a "preferred location for offices". One must assume that Southwark will attempt to ensure that the Local Plan for North Southwark which is to be drawn up over the next two years incorporates this basic strategy.

(ii) Neither Southwark nor the Greater London Council (GLC) have large land holdings on Hays Wharf, which might be an incentive for acquiring more. However, there is a small Southwark housing estate of 47 flats at one end of Hays Wharf



Architect's model of the projected development

but, rather than use this as a basis for further acquisitions, Southwark are prepared to demolish it and involve themselves as partners in a comprehensive redevelopment scheme

(iii) According to the 1975 Annual Report of the Proprietors of Hays Wharf, the "current use value" of the site is a "minimum" of £70,000 per acre (this figure only applies to the 17 acres of the site which is most derelict at the moment). It is quite likely that Southwark, the GLC and the Department of the Environment would regard this as a prohibitive purchase price. The price of derelict Dockland further downstream has been running at £25,000 per acre and the Minister might well consider this a "better buy". Southwark's Chairman of Planning, Ron Watts, has already said that "current use value will be higher than we can afford" and Hays Wharf does not appear on the list of possible Southwark acquisitions for 1976-77.

Profit before need

(iv) If Southwark or the GLC did acquire Hays Wharf, it is most unlikely that they would wish to lease it for development which would produce a lower or equivalent use value than the price they paid for the land. Thus they would argue, no doubt with the full support of the Department of the Environment, that if the land was expensive, Council housing, open space, or industry would not be sufficiently profitable to cover costs of acquisition or meet the conditions laid down by Silkin for Land Act transactions. Moreover, the plum of highly profitable office development is too tantalising for the various authorities to forgo.

(v) Southwark Council has been negotiating with the Proprietors of Hays Wharf and their advisers (G.L.Hearne and Partners who act for all major developers on the South Bank) for over 10 years and from their regular meetings have established "common ground" with them over the basic ingredients of a planning brief. Offices are the cornerstone of this brief and if the developers had been able to obtain sufficient Office Development Permits, they may well have applied for planning permission already on part of the site. Of course, lack of O.D.P.s could hold up development even if Southwark or the GLC own the site.

Developers can hold out

(vi) The developers and Hays Wharf themselves can afford to wait and to hold on to their interest because they have paid out very little so far. The Proprietors of Hays Wharf, as historic landowners, have no costs, and indeed are receiving £1 million a year in rent from various properties on the site, and can easily hold out for more favourable economic and political conditions. The recent collapse of Amalgamated Investment and Property has simply strengthened this position because St. Martins and Hays Wharf will probably take over A.I.P.s development option.

In conclusion, the Act can do little to support the struggle of the local community. At its worst it may lead to a development similar to "City Within a City" on public land.

North Southwark Community Development Group.

CARDIFF: where the residents have already had a taste of 'community land'

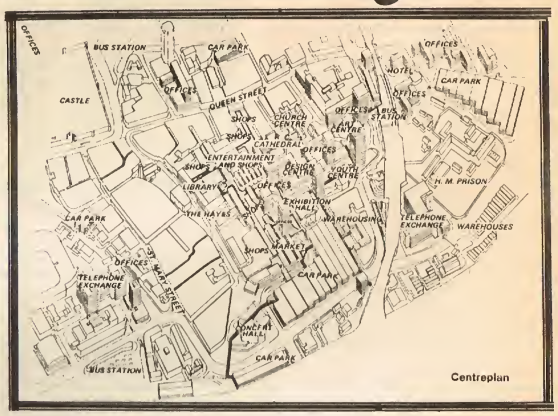
In 1973, at the height of the property boom, and on the most valuable land in Wales, Cardiff City Council managed to arrange a permanent loss for the City's ratepayers. The Council entered into a partnership agreement with the Ravenseft Development Company to carry out a massive redevelopment scheme covering 77 acres in the city centre. The basis for this arrangement was one that will be at the heart of the new set-up under the Community Land Act, with the council assembling the land needed for the development, through compulsory purchase or buying by agreement, leasing the land to the developer for 99 years or more, and in return receiving ground rent and increased rates from the new development. The two factors of ground rent and increased rateable values provided the financial incentive for the council and led it to support the developer in going for the most profitable commercial development on the site.

Council delivers the customers

The council's side of the Cardiff deal was to provide a 'planning brief' (much changed, in the event, by Ravenseft) and an initial investment of £31.5 million in public money for roads, car parks, a bus station, public buildings and other services which would attract and deliver the customers to Ravenseft's new shops and offices. The council also had to pay compensation to businesses displaced by compulsory purchase. The annual rate deficit was over £2 million.

In return, at a cost of £44.3 million, Ravenseft would provide new shops, offices and warehouses ("The most exciting development of the decade" as the original brochures proclaimed), and would take home a profit of £4 million every year.

In March 1975 Cardiff Council agreed to cancel the contract with Ravenseft. This move followed strong opposition to the scheme from residents but was the direct result of the developer's own decision to withdraw, giving



the reason that inflation had made the scheme unviable.

Bubble bursts

The Ravenseft decision to pull out was a result of the fact that the property marked had become a speculative bubble that broke. Between 1970 and 1973 massive investment in property had taken place because the speculators believed that property values would continue to rise rapidly. Thus they were not interested in the income they would get from the rent but only in the soaring value of land and buildings. They were able to use this rise in 'asset value' (this is an imaginary value based upon the amount of money a property might fetch if it were sold on the open market) as a security against which they could borrow yet more money to invest in property. Thus speculation took asset values far beyond the value of the property in terms of the rent income that could actually be realised from the building. Ultimately, the general slump made the financial institutions realise that they had invested in false hopes and the property market collapsed.

Plan for profit

However, the Centreplan scheme was never an honest exercise. The point is not about the integrity of the people involved but about the fact that planning as it is practised justifies and rationalises a 'plan' that is at heart just a massive speculative venture. This must be the main lesson of the rise and fall of the Centreplan.

A real plan based on Cardiff people's needs - for housing, jobs, amenities on the council estates, etc, would have been something else altogether and not likely to attract private capital. (One old lady watching a street theatre performance about the City plans said, "I don't want a city, I want a bed-sitter.") But a commercial plan based on strict planning criteria would have been too modest to attract the developers either, certainly not in the boom period. It had to be boom or nothing.

Welsh Office agrees to 999 year lease

The council's new central area proposals are essentially the same shops and offices, but scaled down and split up for piecemeal development. The first phase is a major shopping block of ½ million square feet by Heron Developments and some local developers and traders. In the state of the property market the development is still financially touch and go. (No new financial/economic appraisal has been put before the council or the public.) The council is pursuing developers hard and prepared to make concessions to get something started. One key change is that the council cannot contribute any public money to the development. (This is in fact a moot point since there are bound to be traffic and road building implications which we will almost certainly end up paying for.) But the council's powers are still used to assemble the land; the developers have been permitted an office block on a plum site as an inducement, and there is the question of favourable leases. Debenhams Stores are lined up to take the major space in the development. They have insisted upon a 999 year lease. We have been astonished to learn that, after rushing the decision through without any public participation, the Welsh Office has just agreed (August 1976) to the council's request to grant this lease. So much for the community "ownership" of land.

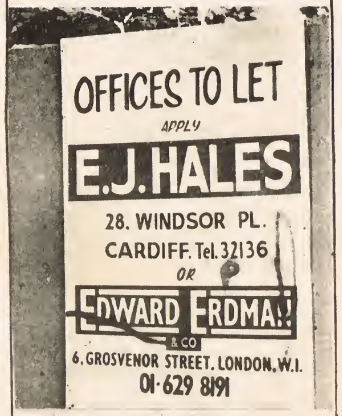
LAW to the developers' rescue

Our suspicions were aroused in May when reports of negotiations between the Land Authority for Wales and Cardiff Council over the central area developments surfaced in the council minutes.

Based on those Minutes, we issued a press release saying that:

" The Land Authority for Wales (LAW) has told Cardiff Council:
(1) That it is prepared to put money into acquiring some of the smaller sites (to dispose of to private devlopers). Government restrictions on local authority spending have prevented Cardiff trying to repeat the massive subsidies of the abortive Ravenseft Central development. But now the LAW has found another way to put public money in to aid developers.

"LAW has also said:
(2) That when the present Compulsory Purchase Order on the Cardiff Town centre site lapses in February 1977, LAW will step in to "resurrect the position" - a reference to its own powers to acquire land compulsorily. This is a bad blow for the residents of Edward Street - Cardiff's last central community. The lapsing of the CPO next February was the one hope they had after 10 years of severe blight caused by council and developers' plans. In the last 3 years, under the Compulsory Purchase Order, this street has been in the shopwindow for any developer who wanted to step in and build a massive office block or blocks.



"The limited life of the C.P.O. is a statutory safeguard and in this case would give the opportunity to change policies, shift the blight and save the last central community. Everybody pays lip service to the value of having houses in the town centre, but no-one, and that now includes the Land Authority for Wales, will lift a finger to make it a reality.

"So Edward Street will stay in this disgraceful shopwindow - courtesy of the Community Land Act.

"The Land Authority is also:
(3) Prepared to back a developer's demand to get a 999 year lease on a central site.

"The developer is attempting to get the most favourable terms it can, vis-a-vis the interests of the ratepayers and citizens. LAW is prepared to exert its influence with the Welsh Office to see that it gets its way, and that the stipulation of the Community Land Act on leases is waived. The longer the lease on a site the greater the attraction as an "investment asset" for the financiers. (Debenhams, believed to be the firm demanding the 999 year year lease, have settled in Stockport for a 35 year lease with 5-yearly rent reviews.)"

Strong denials

The Land Authority replied to our press release with strong denials. It said it was still considering the matter. Shortly afterwards it announced that it was not going to intervene in the central area development. (It was not clear whether this meant Phase 1 or all subsequent developments as well.) LAW gave as its reason the fact that the plans were far advanced and it did not have much of a budget yet in these early days.

In Cardiff, LAW may be staying out of the development. It doesn't make much difference. The land is 'ours'. But on a 999 year lease! A good chunk of the centre of our city will be locked up 15 hours a day to keep us out. There is no evidence we "need" the shops. The housing and jobs crisis worsens.

Bob Dumbleton
Cardiff Housing Action.

LEWES: What will the Act do for a rural area?

Given the situation of rural Britain traditionally dominated by Tory ideology, it is not surprising that many rural councillors have greeted the Community Land Act with little more than cries of "How will it affect the rates?" and "Wait until the next General Election". The lack of enthusiasm results as much from lack of extra finance and staff with which to implement the Act as from political philosophy.

The policy of Lewes District Council (in Sussex) is thus to play an 'enabling' role, merely making land available for builders as and when intervention is requested by the private sector.

Little change expected

In fact, there is little scope under the Act for action aimed at bringing down the cost of housing in the District anyway. Most undeveloped sites were owned by local builders and developers with planning permission before 12 September 1974 and are therefore "excepted", or are of the "exempt" one-dwelling-only size. Of the handful of large sites zoned for residential development and without planning permission, one, in Ringmer, is owned by a Trust and is therefore treated as "excepted". The others are in the southern part of the District on the periphery of towns such as Peacehaven, Newhaven and Seaford where there is no shortage of land for housing or lack of building activity. It seems unlikely that the Council will need to supply land to builders for at least two years. Also, the Act will be implemented in accordance with established planning policies and enough land is designated for residential development to cater for the projected population growth up to at least 1980. Since no change in planning policies is necessary, there will be no opportunity to implement the Act in green field sites.

This does not mean to say that nothing is being done in relation to the Act. Lewes District requires land for council housing, particularly in the north of the District and although any saving in the cost of buying the land in the next few years is likely to be minimal (because of the exceptions and concessions in the Act and Development Land Tax) at least the Community Land Act provides some sort of framework for scrutinizing land which comes forward for residential development, in terms of its suitability for small 'opportunity purchases' for council housing. However, such sites would then need to be purchased under existing housing legislation and, given the latest housing cuts, little will be possible.

House prices may rise

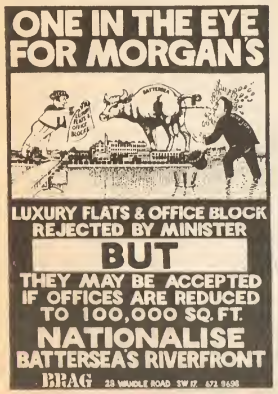
The Council is also bidding for money to purchase industrial land in Lewes to lease to local established firms; the land in question has been on the market for a while, priced well above the means of these small concerns. In addition, Sussex County Council is intending to use the Act to assemble land in Peacehaven Northern Action Area and town centre for residential and commercial uses.

It seems that at least in the short term, the implementation of the Act will have a minimal effect on the private market in terms of land, and will have the effect of giving a falsely increased value to the freehold of 'excepted' and 'exempt' development sites, thus possibly increasing private house prices.

BATTERSEA: Community needs v. profit

Morgans, an industrial company manufacturing carbon crucibles, own a factory site in North Battersea. By taking advantage of government grants and subsidies the company saw a way of solving the problem of having no space to expand their operation in North Battersea. A new factory could be built in South Wales with capital help from the government, redundancy costs eased by similar grants, and the old factory site, in inner London, left as a private development site.

So Morgans, with Wates, a development company, submitted a planning application to the London Borough of Wandsworth in autumn 1972. The two major types of development suggested were luxury housing and a large office block. Local opposition began because 3,400 jobs would be lost off the site, not to be replaced; low income family homes were needed and open space in the area was and still is very low and therefore some extra provision was demanded. Public meetings were organised, a petition was signed. The Council turned down the application but a public inquiry was promised to look into the matter.



Rejected-for the wrong reasons

The decision of the Department of the Environment after the Inquiry was that the office content was too much and the scheme was rejected. However, arguments that the Battersea Redevelopment Action Group (BRAG) had used against the proposals were ignored. BRAG had pointed out that the Planning Act's description of housing did not distinguish between low income and luxury housing, thus who was going to live in the housing was not being considered. The need for industrial jobs in the area was equally passed over and BRAG's conclusion that the land should be publicly owned so that the Council could decide on the type of homes and jobs provided was also ignored. Morgans, with a new factory in South Wales completed in 1975, are expected to submit a further planning application along the same lines as before. They have been granted an Office Development Permit by the Department of the Environment.

Raglans, a speculative development company, bought up sites from a number of different owners of land next to Morgans factory, on the riverfront in North Battersea. They planned to develop an office block and luxury housing. They have obtained a certificate giving them permission, from the Department of the Environment, for an office block. But the company has not yet submitted a planning application. Although it has retained ownership of the land, the health of the company has generally declined from its former 1973 peak. The local authority have started proceedings to compulsorily purchase the site for housing. In addition, the Council has drawn up a planning application and published it for consideration by local people.

Community supports council's plan

The Planning Department, meanwhile, produced two plans; one was called 'Battersea Riverside' and covered the two sites, Morgans and Raglans. It argued for a mixed development of housing and industry. A working party made up of local people agreed broadly with the plan. The members felt that the Council should commit themselves to this plan. They decided therefore to make a planning application based on it to the Council. It has never been considered.
A North Battersea District Plan has now been formulated. The two sites are described as 'opportunity sites'; BRAG believes that the Raglans site should be used for industry and the Morgans site for industry and housing.

What difference would the Act make?

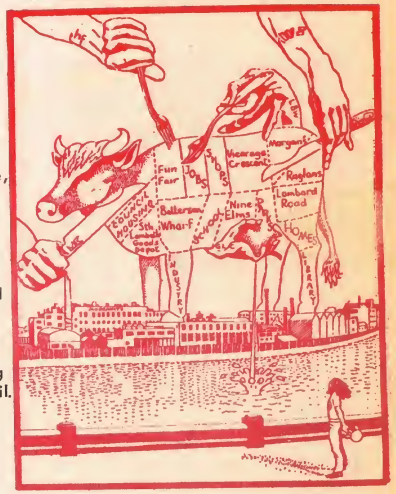
What are the chances that the Community Land Act will help? The passing of the Act prompted the Council to create a new Committee called the 'Land Sub-Committee'. This Committee looks for sites which might potentially be acquired. Wandsworth have agreed to make this Committee open to the public with open minutes.

The current use value of the Battersea riverside still remains high since it is industrial land and with so little money allocated to Land Act acquisition by the Government it is most unlikely to be willing to grant Wandsworth the money to buy the land.

If Wandsworth did buy the sites, they could find themselves begging Morgans and Raglans to develop the sites and could be on the weaker side of a bargaining position for negotiating leases and the ground rent.

Almost certainly, if the developers were granted leases to develop the sites as a 'prior right' (as Silkin has said he favours) they would argue strongly for office development and luxury housing - the most profitable for them.

BATTERSEA CARVE-UP?



The industrial policy of the government is to move heavy industry away from London; this means that the ability of local government to provide industrial jobs is further constrained. The Act does not help Wandsworth Council out of this difficulty.

As far as Wandsworth is concerned, it might as well be in the 1960s all over again because the end result in terms of development and redevelopment is just the same.

Battersea Redevelopment Action Group.

NEWCASTLE: Reactions to the Act in the North East

Despite a fairly thorough examination of the newspapers in the North East Region between October 1975 and mid-March 1976, we have found little reaction to the Community Land Act. But some indications of its likely effects on the region are given by the deal reached between Newcastle Corporation and Capital and Counties Ltd over the Eldon Square central area development and by the reaction of local housebuilders to the Act.

Eldon Square — a "constructive partnership"

The first phase of the massive 10-acre Eldon Square development in central Newcastle was opened in March 1976. The scheme, which consists of 750,000 square feet of retail floor space (5 major stores, 121 other shops) has been a "partnership" between Newcastle Corporation and Capital and Counties. According to the Newcastle Journal (10.3.76) the final costs of the redevelopment are divided up as follows:

"Very roughly it looks as though the City (Newcastle Corporation) has put up just over £17m, Capital and Counties nearly £28m and the tenants (i.e. shopkeepers) themselves about £15m."

Eldon Square has been seen as just the sort of partnership between councils and private developers that the Community Land Act will encourage throughout the country. John Silkin, Minister of Planning, had this to say about Eldon Square (Journal, 5.3.76):

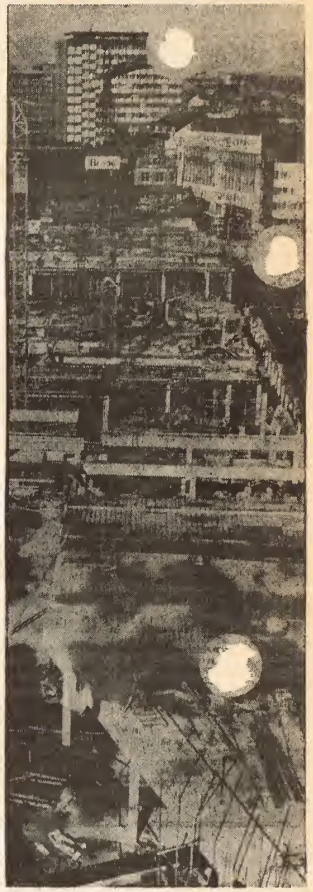
"This development is an excellent example of what can be achieved by constructive partnership between public authorities and the private sector ... The Eldon Square development is an example of a method which, I hope, will be extensively followed. Certainly, local authorities will in the future be expected generally to play a more positive part in initiating schemes than in the past."

Yet it is widely accepted that the Corporation will make massive losses on Eldon Square and even if all goes well from now on, will not get back its money invested in the scheme for 31 years, that is until the year 2008! Nevertheless, this investment has virtually guaranteed a profitable rate of return for Capital and Counties, for the shop tenants, and for the Combined Petroleum Companies Pension Fund which took a £9 million stake in the scheme within a few days of the opening.

Land banks or land shortage?

In spite of the exemptions from the Land Act given to private builders and others who own land with planning permission granted before September 12th 1974, newspapers in the region have quoted the loud complaints against the Act made by people like Mr. Bell, Director of Bellway Ltd., a major housebuilding company in the region. He felt that it was "a pity" to legislate against a mere handful of speculators by "wounding" the entire house-building industry. He said the industry was already struggling with local authorities to get land released for housing:

"Indeed our industry will depend very much upon the whims of local authorities who at the moment show little understanding of the housing needs of society as a whole. Furthermore, current land-banks with planning permission which are beyond the Bill will be tackled with increasing reservation because builders will, frankly, be frightened to use up their basic raw material." (Journal 24.9.75)



ELDON SQUARE

A few months later, Mr. Bell was attacking the Act again, saying that "it removed the raw material (i.e. land) from the building industry", and that it appeared unworkable. However, as the Journal pointed out (5.12.75): "Bellway, however, has land with planning permission sufficient to last at least five years, and heard yesterday of a successful appeal granting planning permission for 90 acres at Wallsend."

HOUSEBUILDING ACTIVITIES 1972-74

HOUSEBUILDING FIRMS	Main Areas of The Country	Estimated number of private completions 1972	1973	1974	Estimated land bank (no. of plots) (A)	Number of years to use up land at current annual rate	Estimated current profit margins (%)
Bacal	M/NW	1,600	1,800		5,000	3	10
Bryant	M/S	1,450	1,800	2,000	9,500	5	22
D. Charles	M/SE/SW/E	900	1,200	1,500	7,500	5	19
Comben Group	Gen	1,100	1,400	1,700	9,000	6	22
Countryside	SE	300	400	475	1,200	2½	18
Crest Nicholson	SE	500	500	550	1,000	2	19
Fairview	SE	725	725		8,000	11	30
Federated Land	SE/SW/E/M	720	900		6,000	7	25
Francis Parker	S/SW/E/N	1,400	1,500	1,500	6,000	4	16
Gelliford Estates	SE/M	1,500	1,900	2,100	10,000	5	15
Gough Cooper	SE/M/NW	1,050	1,150		3,000	3	26
Greaves	M/S	1,200	1,200	1,200	5,000	4	18
Greenalt & Barratt	NE/SE	1,700	3,000	3,000	13,000	4	26
Janes	M/S/E	2,000	2,000	2,000	6,000	3	18
Laviet	SE	360	480	550	1,400	2½	22
Kent	W/SE	400	650	900	5,000	5½	23
McLean	M	1,050	1,150		3,000	2½	23
Northern Developments	N/M	2,600	4,400	6,000	42,000	7	28
North British Properties	N/Se/Fr/Aus	1,500	2,100	2,400	10,000	5	29
Orme	M/NE/Wales	1,000	1,550	1,600	8,000	5	22
Royco	SE	550	600		1,800	3	24
Rush & Tompkins	SE	375	500		1,200	2½	18
Ward Holdings	SE	320	420		2,300	5½	26
Whittingham	M/S	900	1,200		4,000	3½	23
				Total:	169,400		

(A) = Estimated number of plots with outline planning permission or residential zoning.
W.Greenwell and Co. "Housebuilders" 1973

Builder warns of 'land famine'

A HOUSING chief yesterday warned the Government that they would bring about a "total land famine" if they persist with their land policies.

Mr. Robert Willan, president of the Housebuilders' Federation, said that Labour's plans could completely halt the housebuilding programme.

From this statement and from our research on landbanks held by major housebuilding companies, it is fairly clear that these companies will not be seriously affected for at least another five years by the Act. Rather, the Act will make the peculiar commodity, land-with-planning-permission, a very scarce commodity. As a result, while stocks last, owners of such land will be able to realise a large profit from the monopoly they hold over the supply of this land and the opportunity for any profits going to the public sector will be non-existent.

Planners seek profit

One chief planning officer has publicly remarked that:

"We know builders have a hold on land within the urban periphery. What can be done to get a profit from green belt land for public benefit?" (Estate Times, No.321, 31.10.75)

From our brief examination of the situation in the North East, the Community Land Act, even though it may not be used very extensively, has important implications for central area developments and for private housebuilding. The Eldon Square development indicates that there may be little or no profit going to local authorities from central area partnership schemes for a very long period, even though by their own investment in the form of land acquisition and basic services, local authorities will help to guarantee the profit of the other "partners". The Act does not touch upon the implications of such deals, but rather it encourages them in principle. Moreover, the Act will not suddenly confiscate the land accumulated by housebuilders, property companies and trusts. Instead, the Act will create monopoly profits for the owners of existing private landbanks.

●●●●●●● John Carney and Ray Hudson

Evening Chronicle, 27 Nov 75

Peter Shapcott, director of the Northern Counties Region of the National Federation of Building Trades Employers, yesterday gave details of a reply from Planning Minister, John Silkin, to the federation's earlier representations on the effects of the new law.

In his letter the Minister claims that one of the Government's prime concerns is to provide the conditions for a recovery of private house-building, and believes the operation of the land scheme will improve the arrangements for bringing forward land for essential development.

John Silkin

WALES: up against the LAW

In Wales the powers under the Community Land Act have not been given to the local authorities. Instead, a new body called the Land Authority for Wales (LAW) has been set up to acquire land under the Act. The new Authority is run by a board of nine, four of whom are councillors from Welsh local authorities. The remaining five are the personal choices of the Secretary of State. This board meets monthly at Brunel House in Cardiff. The meetings are open to the public, although there can be a confidential part of the agenda, and the public excluded when that part is discussed. The board has a team of officers who service it. The first leader of this team is a Mr. E.W.G.C. Howell, who has been appointed as Chief Executive. Under him is a 'corporate management' team of directors and a small 'inter-disciplinary' team of junior officers.

The following edited version of an interview by Bob Dumbleton with Mr. Howell, in July '76, clearly explains how LAW sees its role.

"We are a commercial body - we're not a local authority or civil service - we can't survive for long without making a surplus. We get no rates, no grants from the government. We borrow (with a Treasury guarantee) at the market rate of interest ..... All our top executives are from the property world - we apply commercial criteria - though not entirely of course - we do look at the social side ..... For instance, if there are two bits of land and the sale of one may result in a £100,000 profit while the sale of the second would only result in £10,000 profit - there may still be good social reasons for going for the latter development. Generally however our criteria for investing money in land are the ordinary market criteria.

"..... We are dealers in land - Our purpose is to provide land for development. If a developer is interested in certain land this will normally mean that the development is commercially on. Sometimes developers do make mistakes but overall the majority of developments have proved right - that how millions were made ..... It would be suicide for us to acquire land for housing in a central area where developers were only interested in office development. We feel that the public interest is served through the surplus we should make by being able to acquire net of development tax.

"..... The Community Land Act is nothing to do with land nationalisation - it is to do with the nationalisation of development value."

So now we know! This is how the L.A.W. views its function. For the local residents' reaction, see the case study on Cardiff (p 14).

CHAPTER FOUR WHAT'S WRONG WITH THE ACT

The Development Land Tax proposals are felt by many to be a step forward in that they ensure that development gains resulting from obtaining planning permission actually go to the community to whom they belong, rather than landing up in the hands of the private developer who happens to own the plot of land concerned. Moreover the fact that local authorities will be able to buy land net of tax (both under the Community Land Act and under the Housing, Education, etc, Acts) and eventually at its existing use value, will enable local authorities to buy land at lower prices. However, the Development Land Tax proposals will not lead to significant savings over the next few years because of the concessions and exemptions in the Development Land Tax Act which will mean that relatively little development tax (if any) is paid in the early years of the scheme. It is also important to remember that even the Tories are not opposed to a development tax which reduces slightly the "unacceptable face of capitalism" – the spectacular gains made by the property developers – while contriving to leave land and its development firmly in the hands of the private market. The Labour Party's policy on land was meant to be different and go further.

The whole justification for taking land into public ownership, rather than merely taxing development gains, was to 'enable the community to control land according to its needs and its priorities' (White Paper on Land, September 1974). The test of the Community Land Act is therefore how far it enables the use of land to be changed according to the needs of the community in ways that were not achievable through the local authorities' existing powers of control over planning permission.

PUBLIC DEVELOPMENT

Under the private market system, a developer will not build developments such as schools, council housing and community centres because they do not produce a profit except perhaps on the building contract. To a limited extent local authorities have in the past been able to make bargains with private developers, only giving them planning permission if they included some public, unprofitable development in their scheme. This bargaining process has been known as obtaining a 'planning gain' from a developer in return for planning permission.

It has in fact led to a situation where developers have built massive office blocks, hotels and commercial development in return for a small plot of land or a small building for a community use, and it is a demonstration of the weaknesses in planning control which were discussed earlier.

The only satisfactory, and the main, way of building the 'unprofitable' schools, hospitals, houses, etc, which we need is for the local authority to build them themselves. However at the present moment the government is reducing public expenditure to deal with our so-called 'economic crisis' and to satisfy foreign bankers. This has led to a massive cut-back in local authority's capital building programmes and it means that it is harder than ever for local authorities to buy land to provide for community needs.

How does the Community Land Act help this situation? The crucial point that must be understood about the Community Land Act is that it is almost totally irrelevant to the purchase and development of land for public facilities such as council housing, schools, hospitals and parks.

The Act itself, government circulars, and the Minister's statements make it quite clear that the Act is to be used by councils to provide land for private development.

No new powers for public development

●Firstly, councils will be prevented from using the extra compulsory purchase powers to acquire land which they intend to use only for public development. In some cases councils will be allowed to use the powers to buy a site for mixed public and private development, but will have to 'sell' the public part of the site to the council department that is going to use it. Compulsory purchase orders under the Community Land Act are meant to be justified with regard to Land Policy Statements and Rolling Programmes which again are only concerned with private development. Thus although the additional powers exist, councils cannot use them for public development except in cases of mixed development or where there are no other Acts under which they can proceed – e.g. to compulsorily acquire Gas Board land (see p36).

No new public building

●Councils are prevented, in the Act itself, from carrying out building works such as housing development on land acquired under the Act (see Schedule 4, para 9 of the Act). Instead, they are to use their existing Housing Act powers, or Education Act, etc, powers, to pay for and carry out the development. The Community Land Act provides no new powers to councils to carry out public development.

No extra resources

In particular, the Community Land Act will not increase the amount of resources available to councils for public development. The special borrowing powers which ensure that the cost of purchasing land under the Act is not borne by the rates, are only going to be available for land purchased for private development. Any surplus made on the Land Account can not be used to finance additional council capital expenditure. The circulars have made it clear that the Act will not result in any increase in land purchased for 'public development' (although the cost of such land will be lower because local authorities are exempt from Development Land Tax), since the funds for development will simply not be made available by central government. In fact local authorities are even meant to consider selling or leasing off land already acquired for public development.

Given the tight controls on public expenditure on hospitals, education, housing, etc, the implications of these restrictions are clear: the Community Land Act is irrelevant to the needs of working class areas.

SELLING OFF COUNCIL HOUSING LAND

In considering the options open to them to meet the needs for land in their area, local authorities will "need to decide ... the extent to which these needs might be quickly met by release of land already in public ownership. Their own holdings could be the most speedily available land resource that authorities can provide ..."*

In other words, if it looks as though the demands of, say, private housebuilders are not being met, the government can and will put pressure on councils to release to those builders land previously bought and planned for council housing. Planning permission for private houses on that land will obviously also be given. (So much for 'positive planning'!)

Councils such as Leeds City Council are already selling off council housing land to private builders; the Community Land Act will encourage more councils to do so. Gateshead Metropolitan Borough Council (a Labour area since time immemorial) considered a report from the Chairman of the Policy and Resources Committee in November 1975, in which he suggested that the Council should consider releasing to private developers any Council-owned land not immediately needed for the Council's own activities. This suggestion was made because of the cuts in public spending and the need to scrape together money to finance other council services.

However, the report also said:

> "The experience gained from this exercise will be particularly valuable in operating the Community Land Bill, the success of which will largely depend upon a rapid turnover of development land."

As a result of this report, the council officers are now compiling a detailed list of council owned land.

*Circular 6 Land for Private Development (DoE 26/76)

PRIVATE DEVELOPMENT
Developers have upper hand

If local authorities are to have no additional resources for public development, it is clear that they will still be in a weak bargaining position in trying to get any public benefits and non-profitable development out of the private developer. It is true that they will now own the land, as well as having control over planning permission, but if they are anxious to see the land developed and have no money themselves, in a situation in which private developers still carry out the development, it is impossible to see what additional power the mere ownership of land will give. Since the developer will only be interested in taking a lease on the land if it offers him a secure and profitable return on his investment, the local authority will still be in the situation of bargaining for the land to be used 'according to the needs and priorities of the community' against the developer who will want to develop the land for its most profitable use. In addition the local authority's position vis-a-vis the developer is weakened by the following provisions in the Community Land Act and directions from the government:

- The instruction that local authorities are to concentrate initially on sites which will yield profits in two to three years.
- The instructions that local authorities are to avoid attempting to assemble large scale or complex sites such as city centre sites.
- The fact that the building agreements made with private house builders will give the local authority no control over house prices.
- The 'prior rights' clauses whereby the developer who gets a site together and applies for planning permission gets the right to negotiate to develop the land 'unless there are special reasons to the contrary'.
- The clauses which insist that local authorities set up special consultation machinery with developers and builders while they are under no such obligation to consult with community groups. Moreover, the Act emphasises that the local authority must have regard to the needs of the builders and developers in their disposal of land.
- The fact that the developers will be given very long leases on the land will mean councils effectively losing control over the land for the period of the lease.
- Finally, in all the circulars there are the constant references to the Pilcher Report and it is clear that the government is as anxious as the property world to see that the implementation of the Community Land Act does not offend the institutions as discussed in Chapter

"Ensuring adequate land is available for the private housebuilding programme will be a priority in the early years of the scheme and the land policy statement should have particular regard to this." para 12 DoE Circular 26/76.

Speculation made safe

So although local authorities will be buying more land, they have been directed to lease this land to private developers so that they can build more shops, offices, etc, which yield the highest profits. The Act provides no further powers to councils to control the actions of private developers.

In fact, local authorities will take the risks out of the property business by bearing all the costs of assembling a site until the developer is ready to start work. In return for such a good deal, developers are willing to give up the huge spectacular gains based on an unsteady market situation, for investment in something that is secure and maintains its value. The long leases they will get from local authorities - a lease of 999 years has now been agreed to by the Welsh Office in the Cardiff city centre development - helps to provide this security.

Still no positive planning

As the developers have no incentive to build non-profit making buildings and because the government is providing no extra resources for local authorities to do this (in fact, less is being provided because of the cuts), it is clear that there can be no real 'positive planning'

Instead, local authorities are to be thrust into the middle of the property world and will be forced to act as glorified estate agents stabilising the market for the private sector and trying to get a quick return on the money invested in purchasing the land. Thus, it will still be the need for profit, rather than the needs of the community for necessary buildings such as hospitals, schools, houses and community centres, which determines how a particular plot of land is used. The mere ownership of land without the additional resources to build according to the needs of the community can add nothing to positive planning.

Because of all the exceptions to the Act which are outlined in Chapter 6 Part 4, less than 2% of planning applications per annum can, even in the final stages of the Act, be subject to a duty on the local authority to acquire. The strengthened compulsory purchase powers will similarly only apply to a very limited amount of land. There are so many loopholes, exceptions and concessions that the Act will have little impact, particularly over the next few years

Land still expensive

The concessions with regard to the Development Land Tax (see p39) will also mean that the majority of land acquired over the next few years will still be very expensive. In the example in Chapter 6 Part 7, we show how a local authority would only save 10% of the sale price by buying net of tax where the land had been acquired by the developer prior to 12th September 1974. And of course, the existing use value of urban land is very high already.

Lack of public participation

Chapter 6 Part 3(b) explains how the right to a Public Inquiry following a Compulsory Purchase Order has now been withdrawn for all land that falls under the scheme, where the proposed use is in accordance with a formally adopted plan. Public inquiries give local community groups a public platform at which they can put forward their views on how they believe the land should be used. Under the Community Land Act, not only has the right to a public inquiry been withdrawn, but there are no requirements for councils to consult residents beyond the consultation that takes place during the drawing up of Structure and Local Plans for the area. The community groups' right to participate in decision-making about the use of land is thus in serious danger of being weakened.

Less local control

The increased powers of the Secretary of State are very worrying. No land can be purchased or disposed of without the Secretary of State's consent. Moreover, he can force a local authority to dispose of any land. So if a council purchases land for their own development they could find a future Tory government directing them to lease the land to a developer (and it doesn't have to be a Tory government, as the indications from the Department of the Environment already show). In addition, the Secretary of State has control over the money and accounts.

EUSTON CENTRE

Owners of office buildings like the Euston Centre in London will still be able to make huge profits out of their buildings. Incidentally, the Euston Centre was built as part of a "planning deal" between the Council and the developer (see Oliver Marriot's Property Boom for the history of this and other deals).

The story of Euston Centre:

1970 Cost of construction and buying land £16 million
1970 Market price of land and development at completion £38 million
Development profit £38 m - £16 m = £22 million

However the market value of the development increased by a staggering £62 million between 1970 and 1974 when it was worth £100 million. This was the "asset value" against which the developers, Joe Levy's Stock Conversion, were able to borrow more money and increase their overall profit.

What Difference would the Land Act have made?

Under the Development Land Tax Act, tax would be paid on the £22 million development profit. But there would still be no tax on the massive rise in the value of the building unless it was sold. If the local authority owned the site it would receive a ground rent from the developer. But the rent of the office block itself and the benefits of the rise in asset value would belong to the developer and his backers and act as the basis for accumulating more wealth.

The accounts must be approved by the Secretary of State, his consent must be obtained to spend surpluses, and any surplus must be paid in whole or part to him to use how he pleases, if he so directs. The Secretary of State has reserve powers to take over the functions of the local authority under the Act if they fail to take action under the Act. Finally, the powers to acquire empty office blocks are vested with the Secretary of State rather than local authorities. Thus the Community Land Act could result in a severe reduction of local control over what land is purchased, how it is used, and how the local authority spends any profits they get from leasing the land.

No real solution

It is clear that the present measures fall far short of any real solution to the land problem. The Community Land Act provides for the taking into public ownership of development land alone, and, moreover, it will only result in the public ownership of some development land.

As a partial 'nationalisation' scheme it fails to tap the profits that are being made on land which is already developed. It does nothing about areas of no change in physical terms, nothing for areas of rehabilitation and nothing about the rising existing use value of land in inner city areas or agricultural land.

The Community Land Act is not going to make any significant difference to the problem of land use.

- There will be no extra resources for building public facilities.
- There will be no extra land for public facilities.
- Local authorities will continue to rely almost completely on private developers and private financiers' resources to develop the publicly-owned land.
- There will be no additional community control over what goes on the land.

In short, although local authorities will own development land, they will not be able to control what goes on the land, except in the same way they do now, i.e. by using planning controls. The vast majority of development on Community Land Act land will be carried out by private developers, working on the same principles as they have in the past.

A partial land nationalisation policy can never solve our problems.

CHAPTER FIVE FIGHTING FOR THE LAND

In this pamphlet we have tried to explain why land should be nationalised and how and why the Community Land Act falls so far short of the policies needed by residents and workers in urban, industrial and rural areas.

A community group fighting for better housing in its area and workers campaigning to prevent the loss of factories and jobs, will find that the Act does little, if anything, to meet their needs. The question of how land is used – what community facilities and jobs are provided on 'community' land – is the crucial issue. Yet, as we have shown, the Community Land Act will mean that the development and use of land for private profit will continue – with offices where there should be schools, and private housing where there should be council houses.

However, the Act cannot be ignored by the residents and workers and the labour movement in general which had hoped and fought for greater resources and a more relevant land policy. It is essential that we understand both the workings of the new scheme and its dangers, in order to continue and strengthen the fight for land nationalisation and against the sort of development that creates huge private profits at immeasurable public cost. It is only with pressure from trades councils, shop stewards committees, cuts campaigns, tenants and residents groups, tenants federations, and workers and residents generally that this struggle can continue. We cannot rely only upon resolutions and rhetoric from the T.U.C. and Labour Party leadership. The demand for, and action needed to achieve, an effective socialist land policy must come from the grass roots.

WHY BOTHER TO TAKE ACTION?

There are a number of reasons why this struggle cannot ignore the Community Land Act and its effects:-

✱ In urban areas there will be tremendous pressures on councils to go for the most profitable kinds of development on 'community' land. Planning deals – in which, for example, the council allows a large office development in return for a site for a small public housing scheme – will become more frequent. In fact some councils will use the Act to justify exactly the same sort of deals with developers that they are already involved in. And the Act can certainly be used to confuse the public and conceal from them the use to which a piece of 'community owned' land is to be put. Secrecy, and resistance to public discussion about who will develop what, are built into the Act and the way it is to operate.

✱ In industrial areas, trade unionists must ensure that the sort of factories and jobs to be provided on Community Land Act land are those that are most needed by the present and future work force. Workers must have control over which developers and industrialists the council is working in partnership with, and where the new factories are to be located. In some areas councils are glad to accept any factory regardless of the kind of jobs provided. Trade unionists should examine carefully the terms negotiated with industrialists by councils. They must also scrutinize the level of wages and investigate the security of jobs (including the record of the companies in other parts of the country) and working conditions in general, e.g. health and safety conditions, facilities for working women.

✱ The question of the social usefulness of work is increasingly being raised by workers. For example, building workers in Birmingham have been playing a key role in stopping a £10 million office development which involved demolishing the historic Post Office building. Building workers threatened to impose a "Green Ban" (blacking of building sites), a tactic which has been widely used in Australia to prevent public and speculative developments which were socially, financially and environmentally wrong (see Community Action No.24, p.29-31). Building workers should question the usefulness of all schemes, but particularly those on Community Land Act land. Such schemes may not be in the community's interest nor in the interest of building workers themselves. In Birmingham there are already over 2 million square feet of empty offices, and if the £10 million was spent on building more council houses to help reduce the 30,000 housing waiting list then many more jobs would be provided than on the office development – the latter requires a relatively small number of skilled workers.

Where do your pension contributions go?

✱ Workers contribute large amounts of money each week into pension funds and insurance companies which then invest this money in property development, industry, etc (see p 6). These investments are controlled by investment managers who operate according to capitalist principles of seeking the highest possible return. Workers have little or no control over how their money is used. For example, the Miners' Pension Fund, already a shareholder in the fringe bank Cedar Holdings, loaned them more than £8 million in 1973.

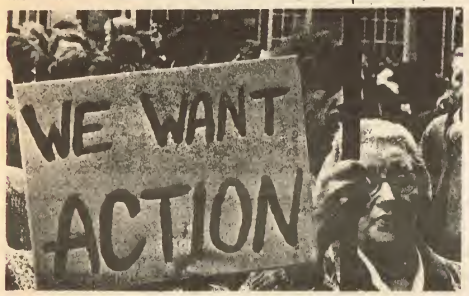
Cedar made its money by financing mortgages and personal loans at very high interest rates and was particularly active in Birmingham (see Community Action No.17, p.5).

It is the Electricity Supply Pension Fund that has teamed up with National Westminster Bank and Royal Insurance to contribute a massive £41 million for the harbour construction in the notorious Brighton Marina scheme. Under the Act, pension funds and insurance companies working alongside profiteering banks and investment trusts will continue to invest in every type of scheme, including loss making extravagances like the Brighton Marina.

It is vital that workers, while naturally wanting to safeguard their pensions, don't permit one worker to exploit another. They must gain more control over where and how their money is spent – the government's recent White Paper on the control of Pension funds proposes 50% member participation and legislation on disclosure of information to members.

Oiling the wheels

✱ In rural and suburban areas, the Community Land Act will be used to 'oil the wheels' of deals between private builders and councils in order to get more private housing built. In these areas councils will be tempted to exploit the situation in which they can buy fields at low prices, and sell private houses built on this land at much higher prices, while at the same time failing to meet the need for more council houses to be built. Many Tory controlled councils have recently sold off land earmarked for council housing to private builders, even without the help of the Community Land Act! The CLA may also be used by Tory councils to keep down the rates – some of the profits from the CLA can be used to pay off debt charges on capital works already approved. Council housing is already under attack by the same vested interests that campaigned against the CLA. Less council housebuilding will inevitably mean massive redundancies in Direct Works Departments.



Cuts in public expenditure

✱ The cuts in public expenditure have hit hardest at working class areas and will do so again via the Act.

☆ No more money is to be made available through the Act for public development to take place on community owned land.

☆ Because of the cuts, councils will argue that they are

forced to allow more and more profitable commercial development in order to increase their income from the higher rates such development is said to produce. They are even being encouraged to sell off to the private sector land bought for council housing – as a way of saving money (see p21).

☆ Because of the way the Act and the Development Land Tax operate, the government will put pressure on councils to allow more private development in order to increase the Exchequer's own income from land taxes and profits on CLA accounts.

✱ In an area of bad housing, run-down schools and hospitals, desperate shortage of play space and facilities for the young and elderly, community groups will have to understand what difference, if any, the Community Land Act will make to their ongoing struggles.

Even if your area is not directly affected by the Act, all working class areas will be affected in that councils and central government have decided to use public money to encourage private development, pouring public money into central area commercial development instead of into working class areas. And it's not just the misuse of public resources that residents and workers need to fight against – it's the political attitudes of "compromise" with the private market which lie behind policies like the Community Land Act, that are more dangerous in the long term.

WHAT CAN BE DONE

1. Putting pressure on local councils

Traditionally, it has been community groups, tenants associations and others involved in the struggle for more and better housing and social facilities that have been most active in tackling local authorities on their land-use policies. However, as we have pointed out, concern about the location of jobs, and the kinds of jobs offered on

'community land' means that Trade Unions and Trades Councils must also be involved in scrutinising local authorities' policies under the Community Land Act.

Where to get hold of information

How, then, can residents and workers find out what the local council plans to do with the land in the area, and how it intends to use the Act?

In preparing their policy for land and land use, councils have to produce a number of documents and follow certain procedures. (For a more detailed description, see Chapter 6

1 Structure Plans and Local Plans.
These contain the basis of the local authority's planning framework and should make an overall assessment of the land needs of an area.

2 Land Acquisition and Management Schemes.
These lay down which authority (eg. county or district, London borough or GLC) within a given county or region will operate the new powers under the CLA.

3 Land Policy Statements.
These summarise the local authority's assessment of land needed for development over the next 10 years, with the emphasis on the private sector. These plans do not have to be made public until after they have been approved by the Department of the Environment. It is important to get hold of them to find out:

★How much land the council plans to buy
★Priorities for action
★How the local authority plans to dispose of sites under the CLA
★Where private development will be allowed to continue unaffected by the CLA
★The implications of all this on public expenditure.

4 Rolling Programmes.
These are programmes covering proposed expenditure on acquiring land for private development for 5 years. This has to be submitted annually to the Secretary of State, and does not identify specific sites - only broad statements on the amount of land to be bought.

5 Notice of Intention to Acquire.
Local authorities are able to suspend planning permission for twelve months by serving a Notice of Intention on the applicant. This Notice can be served on any site whether or not it is included in the land policy statement.

6 Land Accounts.
This is the Account for all land bought under the CLA, but not used for Council purposes. There are 2 main points to remember here -

● The main aim is to get the local authority to buy land to lease to private developers.
● By excluding land used by the local authority, the Account should quickly have a surplus which cannot be used on other capital projects, e.g. council house building, except where approval has already been given by the Department of the Environment for the council to borrow money on the open market.

7 Land Register.
This is a record of sites the local authority has acquired, is holding now, and has disposed of under the CLA.

8 Planning Briefs for Particular Sites.
The local authority may draw up a description of the kind of development it wishes to see on each site. This has no legal standing, but is a way of the local authority saying how far it is prepared to let developers go!

(2-8 are new procedures introduced by the Community Land Act.)

Public not consulted

As we have said, councils do not have to consult the public when preparing their land policy statements or rolling programmes of land purchase. However, they must make these documents publicly available after getting Department of the Environment approval (in Autumn 1976, and then each subsequent year for the revised rolling programme). The land policy statement will contain some indication of the council's attitude toward private developers, planning 'deals', the rate at which housing land will be made available for private housing, and so on. As such it is important to study it carefully, as much for what is left out as for what is included. To get hold of a copy of the land policy statement and the rolling programme which states how much the council wants to spend on subsidising private developers, ask the Planning Department, or the Chief Executive (Town Clerk), or the clerk of the committee which approved the land policy statement in the first place.

However, detailed discussion of the council's land policy, both on particular sites and on the council's priorities for allocating resources to private as opposed to public development, will take place in council committees and during preparation of plans for the whole area.

a. Council committees

It is unlikely that any councils have set up a special committee to deal with the purchase and disposal of land under the Community Land Act. However, a few councils have set up land sub-committees of the planning, or policy and resources committee. Other councils, probably the majority in fact, have delegated their powers under the Act to a panel of the chairpersons of the most powerful council committees.

Whatever structure has been set up by your council it is vital to force the council to hold all meetings about its land policy in public. There is already a great deal of resistance in the property world to open and public negotiations between councils and developers (see chapter 2). This desire for secrecy will be echoed by councillors and officers who know that more office and commercial development, for example, will be strongly opposed by tenants and workers campaigning for council houses and factories. This secrecy must be resisted.

Wandsworth council have set up a sub-committee to decide their policy and programme under the new Act, and resolved at the beginning that all meetings of the sub-committee would be open to the public. Force your council to do the same.

b. Preparation of plans

Because councils no longer have to hold public inquiries into the compulsory purchase of land under the Community Land Act if the proposed development is in line with the Structure or Local plans for the area, it is vital to get involved in criticising and commenting on the draft Structure or Local plans which councils are now drawing up. These plans will lay down how land in your area is to be used, and what the council's priorities are. If you don't get involved now, your legal rights to an 'official' public hearing will be removed later by the operation of Community Land Act.

2. Tackling the financial institutions

As we explained in earlier chapters, it is the financial institutions - the pension funds, insurance companies and banks - which really decide what sort of development will take place in our towns, cities, suburbs and expanding rural communities. Councils' planning controls are essentially negative controls, and their resources for public development are being cut back all the time, because of pressure from those same financial institutions for cuts in public spending.

Whilst action taken by an individual community group or union branch against the financial institutions is not going to alter their investment policies, the publicity value of a carefully planning and well-timed picket or demonstration can be great. It can help to show others who makes the decision to destroy a working class street and redevelop the land for a shopping centre, and who causes the closure of a factory by withdrawing investment.

✻Some community groups (for example, BRAG in Battersea - see p16) have bought a couple of shares in the company whose actions threaten their area, and have gone along to shareholders meetings to ask embarassing questions or hold a demonstration with leaflets handed to other shareholders.

✻ Find out whose money is behind the development you are opposing and arrange a picket outside their headquarters.

✻ Workers should demand information from pension fund managers on how their contributions are being invested. They should publicise this information throughout the union in order to show how, indirectly, workers are exploiting other sections of the working class.

"Public auction or open tendering will rarely be appropriate". (DoE circular 26/76)

Tell others about the Act

In writing this pamphlet, we have discovered that very few people in community groups, trade unions or the Labour Party know anything about the Community Land Act and what it will mean for their areas. The vast majority of people will have read about the initial Tory reaction to the Act and may have heard some fine words about its intentions from Labour councillors or MPs. They may still believe that the Act is going to provide more land and resources for the community facilities and jobs they really need.

The Act's main function - to stabilise the private development market and to provide land for private development - has not been publicised at all. If this pamphlet has convinced you that this Act is in fact a retreat from a socially just land policy, then you can help to point out the dangers of the Act to others, and why land nationalisation is needed.

✪ Raise the issue at meetings of action groups, union branches, trades councils, ward Labour Parties, cuts campaign committees.

✪ Reprint parts of this pamphlet in your community newspaper and rank and file newspapers. Write about how the Act might affect your area, or why it won't help to provide the facilities your area needs.

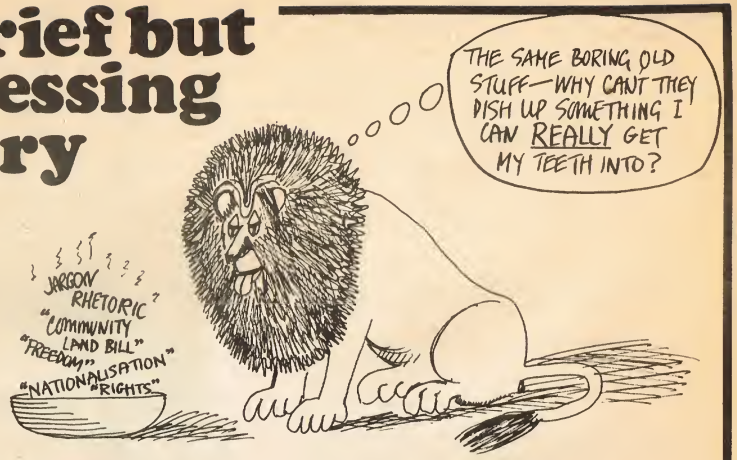
✪ Question your councillors at public meetings on their attitude to the Act and how they intend to use it.

★★★★★★★★★★★★★★★

The Community Land Act is a complicated piece of legislation precisely because it is designed to deal gently with developers and private property interests and is full of 'exemptions' and loopholes to achieve this.

We mustn't let this Act confuse us nor get bogged down in understanding all its details. More important for the labour movement is seeing that the Act is a retreat from land nationalisation. It is also more evidence, if more was needed, that land, property and finance interests have dictated the terms of the CLA as they have with all previous legislation on land. Overpowering these interests must be our aim.

A brief but depressing history



"DISPOSE OF THE LION OF LAND MONOPOLY AND THE OTHER BEASTS OF THE JUNGLE WILL BE EASY TO FIGHT". (LABOUR PARTY CONFERENCE 1945)

Since the War, the Labour movement has had the opportunity to put into effect some of its demands by putting into office the Labour Party. However, the summary that follows shows the extent to which the movement's demands on the land issue have been answered – or not.

1943 The T.U.C. resolved to demand that all land needed for post-war reconstruction be acquired.

1944 A resolution was passed at the T.U.C. which sought an amendment to the White Paper 'Control of Land Use', that would shift the emphasis of the document away from private ownership of land towards the social needs of the people.

1945 The Labour Party Conference resolved: "Dispose of the lion of land monopoly and the other beasts of the jungle will be easy to fight."

1947 The Town and Country Planning Act was passed. This introduced planning control and there was no compensation for refusal of permission. The Act required that permission must be granted before any development or redevelopment could take place on land. In addition, all the increases in the value of land due to the fact that the site could be developed were taxed at 100%. This Act aimed to nationalise development rights not to nationalise land.

1954 The Tories repealed the development tax part of the Act.

1958 The Labour Party Conference resolved that without the removal of private ownership of land, socialism could not be achieved.

1959 The Tories again altered the 1947 Planning Act so that full market price, which includes development value, was restored as the basis for compulsory purchase legislation. Previously it had been the existing use value.

1960 The Labour Party Conference resolved that social control of land should be taken by public control of building land and green field sites; the control of prices; a tax on development values and leasehold reform. This was the emergence of the call for 'partial' as opposed to 'full' nationalisation of land.

1961 The T.U.C. resolved that a tax should be levied on all land deals that involved development value increases, and that local authorities should be grant-aided to buy land at low cost. Also at the Labour Party Conference a resolution was passed that required the Executive to inquire into land prices generally and produce measures to deal with the problem so that development was for the public good and not for profit.

1963 At its Conference, the Labour Party resolved that as an interim measure, building and development land should be taken into public ownership, and that there should be public control over leaseholds on land.

1967 The Land Commission, set up to try and achieve some of the objectives of the two earlier resolutions was to buy land that had been given planning permission for development. In addition a development tax was re-introduced at 40%, along with a capital gains tax, which was introduced at 40% on the sale of an asset of either land or property.

1970 The Tories repealed this legislation and disbanded the Land Commission.

1972 Both the T.U.C. and the Labour Party Conferences passed resolutions in reaction to rising land costs and obvious speculation in land. The T.U.C. resolution called for more public sector building, the take-over of private rented accommodation, fairer subsidies and the control of Building Society finance, while the Labour Party passed a composite resolution (reduced from 106 constituency resolutions – a record number) that plans for the full public ownership of land be drawn up. Crosland said at the conference: "Unless we solve the problems of land we cannot solve the problem of housing."

1973 During the year a report was produced by the Labour Party and built into the Labour Party Programme. It outlined the partial scheme which was to become the Community Land Act. The Conference passed a resolution demanding that all land be taken into public ownership. Also in 1973, the Chancellor Anthony Barber introduced the Development Gains Tax.

1974 The White Paper, 'Land' was published.

1975 The Community Land Act became law.

1976 The Development Land Tax Act became law.

Depressing history

This history of the demands for land nationalisation over the last 30 years is depressing. On the one hand, the T.U.C. have remained content to pass the occasional resolution on land. These have been less and less radical as time has gone on (and in fact the T.U.C. gave its blessing to the Community Land Act approach in the T.U.C. Economic Review of 1975). On the other, the Labour Party, while a little better than the T.U.C., has not really fought for change on this issue. There has been little working together by the two groups and thus we have been without a unified voice calling for land nationalisation. The Community Land Act is the result.

"From the earliest days of the Labour Movement, public ownership of land has featured prominently in the thinking of socialists. I think it is high time we started to put it into practice."
Joan Maynard (Thirsk and Malton C.L.P.) proposing motion on land nationalisation at the 1972 Labour Party Conference.

SOME USEFUL THINGS TO READ

Property, Profit and Exploitation. Community Action no.12 (see page 39 for details).
The Property Machine. Ambrose and Colenutt. Penguin Special 1975. Price 60p
The Property Boom. Marriott. Pan Piper 1967
The Great Sales Robbery, SCAT 1976. (see page 39 for details). A pamphlet arguing why council housing must be expanded and improved and not sold off.
Public Inquiries Action Guide. SCAT 1974. Price 15p plus postage from SCAT, 31, Clerkenwell Close, London EC1.
Uthwatt Report. HMSO Cmnd 6386 1942. Summary of the original arguments for public control of land.
Land White Paper. HMSO Cmnd 5730 1974.
Commercial Property Development; 1st Report of the Advisory Group on Commercial Property Development (The Pilcher Report) HMSO. Possibly the best indication of the trend of the Community Land Act and the attitudes of the property world.
The Case for Nationalising Land. Campaign for Nationalising Land 1973. Labour Party internal campaign pamphlet outlining the alternative method of taking land into public ownership.
Planning and the Public Ownership of Land; New Society 21.6.73 and Labour must take Over Land; Socialist Commentary July 1973. Both articles by Massey, Barnes and Broadbent. Both articles are critical of the development of the Community Land Act approach.
Land Ownership and Land Values. Socialist Commentary Sept.1961. Outline of an alternative system of public land ownership.

Community Land Circulars – England

Circular	Title	Contents
No.1 121/75 35p	General Introduction and Priorities	Outlines the objectives and main features of the land scheme.
No. 2 128/75 20p	Community Land Accounts 1975–6	Specifies eligible expenditure for 1975–6. Designates account as Community Land Surplus Account.
No. 3 28p	Scheme of Accounts for Land Bought for Private Development	Explains the scope, finance, appropriations to and from, admissible expenditure, income, form, borrowing, distribution of surpluses and audit of the land accounts.
No. 6 26/76 75p	Land for Private Development: Acquisition, Management and Disposal	Explains the role of Land Policy Statements, scope of acquisition powers and duties, disposal policies and procedures, local authority five-year programmes, disposal notification areas
No. 7 30/76 35p	Compulsory Purchase Procedures	Gives guidance on points of general procedure and sets out the new procedures to be adopted where the powers under section 15 of the Act are used.
No. 8 31/76 8p	Development Advice Notes	Introduces the new series of development advice notes.
No. 9 36/76 12p	Community Land (Register of Land Holdings) (England) Regulations 1976	Describes the regulations for the keeping of local authorities' register of land acquisition, holdings and disposals.

Community Land Act 1975

GUIDE to the ACT

Contents

Glossary

This glossary is a brief explanation of some of the terms used in connection with the new land scheme. For a fuller definition, see section 6 of the Community Land Act and Circular 1 on Community Land (121/75) Annex C, and refer to the Contents above to look up the relevant sections in this Guide to the Act.

CURRENT USE VALUE

The value of the land in its existing use, i.e. assuming that no planning permission has been given to develop the land and change its use.

ROLLING PROGRAMMES

See Part 2(c)

DEVELOPMENT

a) Exempt Development
Development land which can not be purchased under the Community Land Act.
b) Excepted Development
Development land which can be acquired under the Community Land Act but only in exceptional circumstances (see Part 5). The local authority will never be under a duty to purchase these sites.
c) Relevant Development
All development land that is not exempt or excepted and therefore is subject to the major provisions in the Comm Community Land Act.
d) Development Land
All land which the local authority judges is required for development within ten years.

FIRST APPOINTED DAY

The first stage of the Community Land Act comes into effect – see Part 1.

LAND ACCOUNTS

See Part 2(d)

LAND ACQUISITION AND MANAGEMENT SCHEMES

See Part 2(a)

LAND HOLDINGS REGISTER

See Part 2(e)

LAND POLICY STATEMENTS

See Part 2(b)

MATERIAL INTEREST

An interest in land which is either freehold or a leasehold with at least seven years to run.

OUTSTANDING MATERIAL INTEREST

Material interest in land not owned by a local authority, charity, etc (see Part 5) which the local authority will have to acquire when the land is needed for development under the final stage of the Act.

PRIOR NEGOTIATING RIGHT

See Part 3(e)

RELEVANT DATE

The second stage of the Community Land Act comes into effect – see Part 1.

SECOND APPOINTED DAY

The final stage of the Community Land Act comes into effect – see Part 1.

SUSPENSION OF PLANNING PERMISSION

When the local authority is considering whether to buy or taking steps to purchase the land an application for planning permission can be suspended and considered later when the land is acquired. See Part 2(e).

PART 1 INTRODUCTION

This chapter describes in detail the government's land policy as written for the statute books or described in published government circulars. Many readers of this pamphlet may wish to skip this section as the implications of the legal provisions are discussed in other chapters, and for this reason this explanation has been placed at the end of the pamphlet. However, it is hoped that this detailed explanation will provide a useful reference for those who find at some stage that they must deal with this complicated piece of legislation.

There are two Acts to implement the Government's land policy which are described in this chapter.

A: COMMUNITY LAND ACT 1975 □□□□□□□

This Act contains the powers for the Secretary of State to place a duty on all Local Authorities to buy all land that is required for development. Eventually this means that no major development will take place on land which is not in, or has not passed through, public ownership.

Local authorities will acquire such land at its 'current use value'. In other words a potato field needed for private housing will be acquired by the local authority at its value as agricultural land rather than its value as a potential housing site.

Once acquired by the local authority, land can be leased to private developers at its market value. Owner occupiers will be the only group who will still be able to buy the freehold of their land.
However, this Act is to be implemented in stages as shown on page 32. In the first stages, some of the powers of the Community Land Act will apply but they will only by optional, in other words, councils will be able, but not forced, to buy development land. Moreover, local authorities will not be able to purchase at the current use value in these first stages. Instead the provisions of the Development Land Tax Act described below will apply.

B: DEVELOPMENT LAND TAX 1976 □□□□□□□

The Development Land Tax Act ensures that where a local authority does not buy land which is to be developed the profits made by the owner of the land who sells or leases it for development will be taxed. Thus if the owner of a piece of agricultural land obtains planning permission for development, 80% of the profit he makes will have to be paid in tax (there are exceptions to this provision which are explained in detail on page 39). For example, land may be worth £3,000 an acre as agricultural land and £23,000 an acre with planning permission for housing development. The owner who makes the £20,000 an acre development profit on the sale would pay 80% of this, i.e. £16,000 an acre; in tax.

The Development Land Tax Act also contains a provision to enable local authorities to buy development land 'net of tax'. In other words, during the transitional stage, while the provisions of the Community Land Act remain

CHAPTER SIX

optional, councils will have to pay the landowner a percentage of the development value on top of what the land is worth at existing use value. (See page 38 for details). This, however still represents a considerable saving for local authorities who at the present time have to pay the full market value. This concession to councils applies to land they buy under any of their powers – e.g. for housing, planning, etc. The Tories are pledged to repeal the Community Land Act while the government is mainly concerned with making the transitional stage (i.e. mainly Stage 1 in the diagram) of the Act work by 1979, that is during the life of this government.

* * * * * * * * * * * * *

This guide to the provisions of the two Acts will therefore concentrate on the powers that are available in this transitional period, when local authorities will have to 'consider' whether they want to bring land into public ownership. This 'consideration' involves more changes in the local authorities' administrative procedures than actual increases in their powers to acquire land. These changes in local authority procedures are therefore described first and then the actual powers available under the Community Land Act are set out in Parts 3 and 4. The exceptions to, and 'loopholes' in the Act are listed in the following section. Finally the Development Land Tax is explained.

PART 2 THE 5 STEPS THE COUNCIL HAS TO TAKE IN CONSIDERING WHETHER TO BRING LAND INTO PUBLIC OWNERSHIP

In the transitional stage of the Community Land Act the local authority do not have to buy any land that is being developed. But in order to ensure that they are thinking about buying land, the Government laid down in the Community Land Act certain administrative procedures which the local authority have to carry out. These are described below.

A. Land Acquisition and Managment Schemes

In England and Scotland, local authorities are given the power to acquire land under the Act while in Wales a new Welsh Land Authority has been set up. (See p 19 for more information on the Land Authority for Wales.) Apart from the Welsh Land Authority and the different date in Scotland for the First Appointed Day, the Act applies to England, Scotland and Wales.

Stages in the Act

1 The First Appointed Day

6th April 1976 (except in Scotland where the date is 1st September 1976)

From this date onwards local authorities have a general duty to 'have regard to the desirability of bringing development land into public ownership'.

Between February and June 1976, local authorities completed their Land Acquisition and Management schemes, drew up and submitted to the Department of the Environment their Rolling Programmes of land acquisition for 1977/81, and their Land Policy Statements.

Between June and October 1976, the Department of the Environment considers and discusses the Rolling Programme. In late 1976, the approved Rolling Programmes and Land Policy Statements will be publicly available.

Early 1977 Guidelines from the Department of the Environment on expenditure 1978/82. New Rolling Programmes for 1978/82 to be submitted by May 31st.

2 Relevant Date

In about 2 - 5 years time.

The Minister can order certain local authorities to buy all the land that is needed for certain types of development over the next 10 years or so.

3 Second Appointed Day

In about 10 years time (i.e. 1986)

Local authorities will have to buy all land that is required for development. They would at this stage buy the land at its 'current' or 'existing use value'.

Since the Act did not lay down whether the counties or the districts should have the powers to acquire land, the first stage was for local authorities to complete Land Acquisition and Management Scheme (LAMS), which lay down who is responsible for what. In areas where both the Districts and the County are Tory-controlled, very little voluntary action is likely to be taken under this new Act. But the LAMS are obviously very important in areas where there are political conflicts between the two tiers of government. Local groups will need to know who is responsible for land acquisition and the LAMS are now available for public scrutiny.

B. Land Policy Statement

Since land acquisition is meant to be related to the plans of the local authority, the second stage was to prepare a Land Policy Statement. These were submitted to the regional offices of the D.o.E. by 31 May 1976.

Land policy statements are not lengthy documents, the example given in Annex B of circular 26/76 is a mere three pages long. Nor are the statements necessarily meant to identify particular sites for acquisition. They are an assessment of the need for development, and in particular private development, over the next ten years, and a statement of priorities for acquisition to meet these needs. In assessing need, local authorities are meant to have regard to those living in the area or wishing to do so, builders and developers, commerce, other authorities, statutory undertakers, charities, agriculture, and the interests of those concerned with the financing of development.

Their needs should be identified in the 'planning background' to the land policy statement which should be referred to in the statement. The planning background at this stage can be very vague, because many local authorities have not yet done the analysis required to identify needs.

The circulars therefore explain that the land policy statements can be supported by reference to any approved or draft Structure or Local Plan, a regional strategy endorsed by the government, the old initial development plan, or even a non-statutory plan or policy subject to a resolution by county and district planning authorities. The initial land policy statements, circular 26/76 states, "may have to be prepared on a rough and ready basis to be refined in later years". The fact that they will be subject to revision as the 'planning background' is refined is obviously important to community groups.

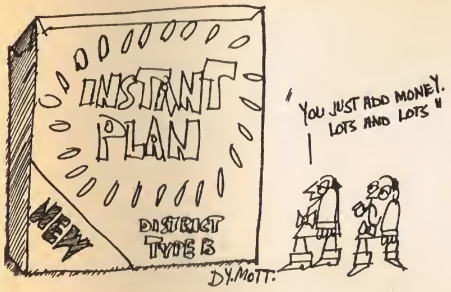
Circular 26/76 also lays down the priorities to be considered in land policy statements. Local authorities must ensure that "adequate land is available for the private house-building programme" and that they "provide industry with the sites it needs in relation to the positive planning of the area and its economic growth". The land policy statement is concerned with ensuring that land is available for private development and although local authorities will have to consider the needs for private development within the context of their own development, land for their own development is not seen as part of the policy statements. Circular 26/76 merely states "to increase their value to builders and developers, authorities may wish to include in land policy statements information about areas where major public development is intended".

It is important for community groups to study land policy statements. Although land policy statements are meant to be subject to consultation, this is primarily with other public bodies and with builders and developers, and although some local authorities, like Wandsworth, have published their statement, most of them will only be made public once they have been approved by the Department of the Environment at the end of 1976. They will be important documents for community groups to examine closely, for they will contain the following information:-

- the scale of acquisition programmes to be undertaken by the local authorities. This will include policy statements on how much private development as opposed to public development the authority wish to see;
- priorities for action;
- the disposal policy which is to be adopted when land is acquired;
- areas where land is not going to be acquired and developers are to be given a free hand;

- the implications of the policy for public expenditure on the number of staff needed and on the provision of infrastructure (roads, gas, electricity, seveage, etc) to allow private development to go ahead.

The land policy statements will not list the specific sites to be acquired, but if a local community group wants a particular site purchased they will have to justify this site in terms of the priorities and scale of expenditure outlined in the land policy statements. The land policy statement provides critical information on the action the local authority will take if the needs for private development identified in the Structure and Local Plans (at present being produced) are accepted by the Secretary of State.



C. Rolling Programmes

The land policy statements, which review land requirements for ten years, are used to back up a programme covering proposed expenditure on acquiring land for private development for five years which is submitted annually by 31st May to the Secretary of State. Programmes are not set out in terms of defined sites, but as broad statements of:

- the amount of land which is to be bought (according to the land policy statement and also applications for planning permission);
- the estimated cost of the land net of development land tax ; and
- the estimated income and profit expected when the land is leased for private development.

Priorities

The first rolling programme will cover the years 1977/78 - 1980/81. Local authorities will be told each year how much they can borrow in order to acquire land. When the Secretary of State gives this approval he can attach conditions as to the use to which the money can be put, e.g. giving priority to private housing in the early years. The block allocation of money for land acquisition will be based on the rolling programme. The total amount of money available to spend on land acquisition purchases for 1976/77 will not be in the rolling programme but individual permission to buy will be given on each site. There is only £31.3 million available for borrowing in 1976/77 and this will probably go towards buying a few green field sites for private housing. Circular 121/75 makes it clear that permission to buy is only likely to be available if land is being purchased for private development which will yield quick returns, i.e. profits. "It will, therefore, be essential for authorities to concentrate initially on those programmes that, consistent with planning objectives, contribute most to necessary development and can yield returns within say two to three years."

In 1977/78 some £76.7 million will be available for borrowing and this will be raised to £102 million per annum over the next two years. It is clear that these small amounts will mean that there is insufficient money at least until the 1980s, to proceed beyond the transitional stage of the Act to the time when a local authority has to buy all land that is to be developed. The money available for buying land is also likely to be highly vulnerable to further cuts in public expenditure.

D. Land Accounts

As soon as possible after 31st March 1976, every local authority has to prepare a Land Account which has to be submitted to the Secretary of State.

Circular 5/76 on Community Land Accounts lays down the contents of these accounts and the financial arrangements under which the Act will operate. The circular has further changed the emphasis of the Act towards councils purchasing land for private development. How the accounts will work can best be explained by means of the diagram on page 34

The Community Land Accounts are designed to achieve three things:

1 To encourage local authorities to buy land for leasing to private developers, since the special loan arrangements whereby land can be purchased with no cost to the rates will only apply to land leased for private development.

2 By excluding land used by the local authority from the accounts, the accounts should come into surplus relatively quickly and thus the government will soon get its money back.

3 The system of accounts ensures that the Community Land Act does not lead to any increase in public expenditure in the short term.

Most of the money for council building has to be borrowed on the open market and can only be borrowed with permission - 'loan sanction' - from the government. The local authority can only use the surplus on their land account to reduce the amount that has to be borrowed on the open market for any council scheme that has already got the Secretary of State's approval. The profit cannot be used to finance any additional local authority capital expenditure.

Two other points should also be noted. Firstly, all land acquired under any Act which is acquired after 6th April 1976 and leased to private developers must be entered into the Community Land Accounts so there is no way of local authorities keeping the profits they make from sales of land leases as they have done in the past. Secondly, circular 121/75, the first circular on the Community Land Act, was so anxious to see local authority land accounts coming into quick surplus that it asked local authorities to consider to what extent "land at present earmarked for public housing in the longer term might instead be made available for private development in the shorter term". In other words, to sell off council-owned land already purchased for council housing.

E. Administrative changes:

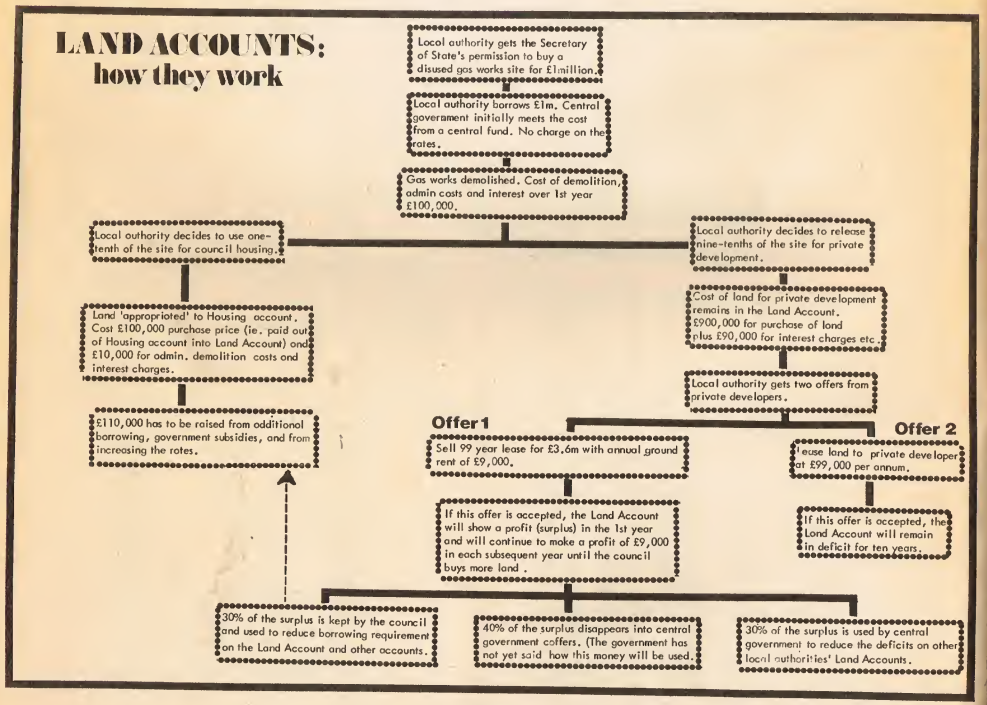
Finally, local authorities will have to make administrative changes to deal with the Act.

a Staff. Local authorities will need to review their committee and staff structures in relation to the land scheme. In circular 121/75 they are told that, "consultative machinery should be set up with representatives of builders to ensure that their needs are fully assessed". Circular 26/76 suggests that since the tasks of site assembly and disposal carry a substantial commercial risk it may be "more appropriate for authorities to retain consultants who have experience in this field rather than to employ additional staff".

b Land Holdings Register. Circular 36/76 describes the register of all land acquired, held or disposed of under the Community Land Act that must be kept by the council and made publicly available. This will also be an important source of information for community groups. Apart from details on the sites held, the register will include information on any proposals the council has for the development or disposal of land held. Details of agreements already reached with builders on disposal will be registered.

c Suspension of Planning Permission. There are new procedures for dealing with planning applications for relevant development (i.e. for land not excluded under the Act - see Part 5 below) to ensure that a local authority has to consider whether it wishes to acquire the land that is the subject of the planning applications. If they do wish to acquire, they can, by serving a notice of intention to acquire, suspend the planning permission for twelve months while they try and acquire the site. If they do not wish to acquire, they say so and continue to decide whether they should grant planning permission. In this latter situation the landowner is protected for five years against compulsory purchase under this Act or under the Town and Country Planning Act 1971.

If the local authority fail to serve a notice within the period specified for considering planning applications, i.e. if they fail to decide whether or not to buy within eight weeks, or if when they wish to acquire they fail to take the first step within twelve months, they then lose the power to acquire that land for five years.



PART 3
THE POWERS AVAILABLE UNDER THE ACT IN THE TRANSITIONAL STAGES

The steps discussed above which a local authority must take in considering whether to purchase land consist of changes in local authorities' obligations and administrative procedures. We now turn to the actual increase in powers available to the local authorities under the Community Land Act which enables them to buy and lease or sell land required for development.

a. Changes in Compulsory Purchase Procedure

Firstly the local authority has strengthened compulsory purchase (CPO) powers to acquire land. An owner of land can no longer object to a CPO under the Community Land Act on the grounds that local authority acquisition is unnecessary. (He could still object on the grounds that the land should not be developed at all.) This should make it easier for local authorities to acquire land compulsorily.

However, local authorities will not be allowed to use these powers where they already have CPO powers under other Acts, eg. Housing, Planning Acts, which enable them to acquire the land. This means that the strengthened CPO powers will be primarily available for land purchased for private development and will not be used, for example, for acquiring land for a council housing scheme.

b. Public Inquiries

Linked to the changes in the CPO procedure are changes in the duties on councils to hold public inquiries. Public inquiries are held at the moment in the following circumstances:

1 As part of the public consultation when a statutory Structure Plan or Local Plan is produced prior to a decision being made on the Plan by a Secretary of State. (For Structure Plans, however, the procedure is called an 'Examination in Public' and is not like a 'normal' public inquiry.)

2 When an applicant appeals against the refusal of planning permission. Only the applicant has the right to an inquiry in these circumstances. Local residents can ask the Secretary of State to hold a public inquiry if they wish to dispute a decision of the local authority, but whether or not they get an inquiry is at the Secretary of State's discretion.

3 When an owner, lessee or occupier (i.e. a 'statutory objector') objects to a particular proposal or decision such as a compulsory purchase order.
(For detailed information on public inquiries, see 'Action Guide to Public Inquiries' published by SCAT. Details on p.29)

In the past there has nearly always been a public inquiry under (3) above to consider a compulsory purchase even if the proposed use of the land is in accordance with the initial development plan. There will continue to be these inquiries if land is compulsorily purchased under such Acts as the Housing Acts. However for land acquired under the Community Land Act, a public inquiry need not be held if:

(i) the land is already covered by planning permission which was granted after a public inquiry.
(ii) the granting of planning permission is, or would be, in accordance with an adopted or approved Local Plan, or where there isn't a Local Plan, with the old style Development Plan or any approved Structure Plan.

In other words, if the planning permission has been, or could be given in accordance with adopted plans, for the land use to which the local authority wish the land to be put, then no public inquiry has to be held. This means that public participation and public inquiries into plans that are being drawn up for your area (i.e. inquiries under (1) above) are in effect the last opportunity you have to object to the use of the land that is being proposed, or to the fact that the site is going to be developed at all.

There are certain cases when a draft Local Plan, which has been the subject of some public participation or comment, can be used to argue that there should not be a public inquiry. The Secretary of State is only meant to agree not to hold an inquiry in these circumstances if he considers it to be essential in the public interest. He would have to make an order which would have to be approved by a resolution of each House of Parliament.

A draft plan which has been the subject of public participation can, however, be used to justify acquisition of the land as part of the 'planning framework' if a public inquiry is held.

c. Disposal Notification Areas

A local authority can declare a 'Disposal Notification Area'. In these areas, landowners - except residential owner occupiers - have to tell the local authority at least four weeks before they wish to sell their land so that the local authority can consider whether to buy it themselves. However, the local authority has no power to stop a sale taking place. The local authority is only meant to declare these areas where they cover development land which is shortly to be purchased according to the land policy statement. They are merely a way of obtaining information about changes in ownership and sales. If the blight caused by a D.N.A. stops an owner selling his property, he can force the council to buy it. This is through an extension of the existing planning blight notice provisions.

d. Land owned by Statutory Undertakers

e.g. Gas Board, Water Board, British Rail, etc.

For the first time local authorities will have the power to compulsorily acquire land owned by statutory undertakers if they can get both the Minister responsible for the statutory undertaker and the Secretary of State for the Environment to agree that the land should be development land and is not required for 'operational purposes' (i.e. the statutory undertaker does not need it for its own use).

This power may be important in speeding up the release of land owned by British Rail and the Gas Board in particular. However, land owned by statutory undertakers is 'excepted' under the Act (see below) and so a public inquiry could be held and a good case will have to be made for acquisition.

e. Disposals

Land purchased by councils under the Act can be leased for up to 99 years (for longer leases the Secretary of State's permission is required) but not sold to private developers. There are special arrangements whereby residential owner occupiers will still be able to acquire the freehold of their property. This will be done by way of building agreements with private residential developers which gives the local authority control over the development but leaves the builder free to sell the houses at the highest price offered. (This point is made as a direction to local authorities in Circular 26/76 Annex E para 19.) There would appear therefore to be little justification for the belief that house prices in the private market will be reduced as a result of the Community Land Act.

Developers' rights

Paragraph 2 of Schedule 6 of the Community Land Act contains a further important clause with regard to disposal policy. This is known as the 'prior negotiating right', whereby an owner of land or a developer applying for planning permission on land which is then acquired by a local authority is to have an opportunity to negotiate to be allowed to carry out the development before it is offered to anyone else. It is a prior right to negotiate; it is not a right to take on the development. This clause has been included in the Act in order to give developers an incentive to continue to identify and assemble sites for development. Circular 26/76 states: "there should be genuine negotiations with a view to making the land available to the applicant unless there are special reasons to the contrary". How much of an advantage the prior negotiating right will offer to a developer is unclear but it is obviously going to be extremely difficult for local authorities to be sure they have got the best possible deal on disposal. Circular 26/76 concludes, "public auction or open tendering will rarely be appropriate. Discussions with developers will need to begin well before the content and design of the development have been fixed ... consistent with securing competition, the process should encourage co-operation between the authority and developers so that full use can be made of the skills and resources of the latter."

PART 4
POWERS AND DUTIES IN THE FINAL STAGES OF THE COMMUNITY LAND ACT

In 2 - 5 years time, the Secretary of State could order a particular local authority or a number of authorities, to buy all land required in their area for a particular type of development. He could, for instance, order the council(s) to buy all land that is required for private housing development over the next 10 years. This would then be a duty placed on the local authority and the Secretary of State has reserve powers to take over if the local authority refuse to take action. These reserve powers also apply when the final stage of the Act is implemented after the Second Appointed Day. At this final stage of the Act, the local authority would have to acquire all land needed for development for the next 10 years and any additional land on which they give planning permission for development. Once a duty is placed on a local authority to acquire, they would be able to acquire the site at the existing use value. There is however a significant amount of land which will not come under the 'duty to acquire' at either the Relevant Date or the Second Appointed Day. These exemptions and exceptions to the Act are listed below.

PART 5
EXCEPTIONS AND EXEMPTIONS TO THE ACT

These then are the rather limited powers of the Community Land Act. However, there are certain exemptions and exceptions to the Act. Certain types of development are completely excluded from the powers of the Community Land Act and these are known as exemptions.

Exemptions

They include developments for which planning permission is not necessary (under the Town and Country Planning General Development Order 1973). In addition, development for agricultural, forestry or mineral extracting purposes is exempted from the Act. Land for these developments cannot be acquired under the Community Land Act (that is to say, none of the council's powers or duties under the Act can apply to 'exempt' development) but the land could still be acquired by CPOs under other Acts.

Exceptions

There are other types of development known as excepted development. These developments can be compulsorily acquired under Section 15 of the Community Land Act but only in exceptional circumstances. The local authority will never be placed under a legal duty by the Secretary of State to consider purchasing these sites and they will not go through the special procedure for planning applications described above. In addition, the Secretary of State will have to hold a public inquiry if the local authority want to acquired 'excepted' development sites and he does not have the power to disregard an objection made on the grounds that the acquisition is unnecessary.

Excepted development includes the following major categories:

1 Development which had planning permission on Land White Paper Day - September 12, 1974. In addition, circular 26/76, paragraph 42 states that land with planning permission before the date of Royal Assent of the Act (12th November 1975) will not normally be acquired under the Act. Moreover, the Secretary of State stated on 27th January 1975: "I shall not normally be prepared to entertain compulsory purchase orders under the scheme for land provided that good progress is being made with its development." (Hansard, 27 Jan. 1975)

2 Any development carried out on land which was in the freehold ownership of a builder, residential or industrial developer, on 12th September 1974.

3 Development of an industrial building where a material interest (a lease of at least 7 years) in the land was owned by an industrialist on 12th September 1974.

4 Small development projects, e.g. office or housing schemes up to 1,000 square metres total floor space (approx. 10 houses built to Parker Morris Standards); industrial buildings up to 1,500 square metres total floor space; most recreational buildings.

5 Special categories not essential to the scheme - for example buildings used for agriculture and forestry, rebuilding or alterations with up to 10% increase in floor space, changes in use of land and buildings, mineral extraction, operations on land which do not involve the erection of a building - e.g. a car park or golf course.

6 Development on the operational land of statutory undertakers.

'Non-outstanding Material Interests'

In addition to exemptions and exceptions to the Act there is the question of outstanding material interests in land. When the full duty to acquire all development land or certain types of development land is finally placed on local authorities, they will be instructed to acquire only "outstanding material interests". Material interests in land owned by charities, statutory undertakers, housing associations or a public body such as the Commission for New Towns will be classified as "not-outstanding". There will therefore continue to be a significant amount of development land owned by these agencies which will not be acquired under the Community Land Act.

Although excepted development still comes under the powers of the Community Land Act, it is clear that a considerable amount of development will continue completely outside the scheme. In particular, during the next few years the majority of development will be excepted under categories (1) and (2) above. The government's own estimate is that only 2% of applications for planning permission will be "relevant" development under the Act - that is to say land which would be subject to a duty to acquire under the Act.

PART 6
THE DEVELOPMENT LAND TAX ACT POWERS

The Community Land Act provides for land to be acquired at its existing use value when there is a duty placed on the local authorities to acquire. In the meantime, the provisions of the Development Land Tax Act will apply.

This tax on development value replaces the development gains tax introduced by the Finance Act 1974. The tax will be at a flat rate of 80%, but a lower rate of 66⅔% will operate in respect of the first £150,000 of chargeable development value (i.e. the profit which is liable to tax) ★★ realised in any one financial year up to and including the year ending 31st March 1979. In addition, the first £10,000 of chargeable development value in any one financial year, from all a landowner's deals, is tax free. The tax rate could be raised in the future, but this would have to be done by a further Act of Parliament. The tax applies to all sales of development land (except for exempted land, see below) and is chargeable at the time of the sale in the case of, say, a farmer selling agricultural land for housing development, or from the beginning of development in the case of a developer disposing of a development.

There are two important aspects of this Act. The first is the provision which allows a local authority to buy 'net of tax' - that is, they will be able to buy land (particularly green field sites or derelict land) considerably cheaper than they can at the moment. But the second important aspect of the Act is the concessions and exemptions it contains for landowners in the foreseeable future. These will mean that the advantages to councils of buying net of Development Land Tax will be extremely limited. It also means that landowners are being allowed to pay the lowest possible rates of tax.

★★ What is 'chargeable development value'?

The chargeable development value is the difference between the relevant "base rate" and the selling price of the land or of a lease on the land. There are three formulae for determining the base rate, and the formula giving the highest base rate will be used to decide how much tax the landowner will pay - in other words, the formula which will mean the lowest level of tax for the landowner.

These base rates are:

Base 'A' Cost of acquisition plus expenditure on improvements plus increase in the current use value of the land since acquisition.

OR

Base 'B' 110% of current use value plus 110% of expenditure on improvements.

OR

Base 'C' 110% of cost of acquisition plus 110% of expenditure on improvements.

In addition, where Base 'A' is used, a further special concession means that where the land is bought before May 1st 1977, an additional amount of either 10% or 15% per year of ownership may be added to the cost of acquisition, up to a maximum of 60%.

'Financial hardship' tribunals will be set up to deal with complaints under the Act, and these may award additional concessions to the land owner.

These differing Base rates produce great variations in tax liability, and therefore the 'net of tax' price that local authorities will have to pay for land.

This all sounds very complicated, so it is worth working through an example to show just how landowners will be able to keep a large part of their profits on land sales.

For example...

Mr Speculator bought a piece of agricultural land for £100,000 in 1970, when the current use value was £30,000, and spent £3,000 on improvements. The current use value increases by £7,000, and he sells the land for £210,000. Using Base 'A', the amount of Development Land Tax he will pay on his profit will be:

● Purchase price in 1970	£100,000
● Increase in current use value	£7,000
● Cost of improvements	£3,000
	£110,000
● Selling price in 1976	£210,000
So, chargeable development value =	£100,000
But first £10,000 of profit is exempt, so c.d.v. =	£90,000
So the tax he pays at the rate of 66⅔% on £90,000 =	£60,000

However, because he bought the land before 1977, he would also be entitled to a further exemption on the purchase price of 60%, which would reduce the amount of tax he pays to £20,000.

.e local authority bought the land , they .ve £20,000 on the purchase price of £210,00u.

PART 7
DEVELOPMENT LAND TAX: CONCESSIONS & EXEMPTIONS

Certain land and land deals will not be covered by DLT at all. These are:

✱ Owner occupied residential sites of up to one acre of land.

✱ An individual or company will not be charged Development Land Tax on realised development value which in any financial year does not amount to more than £10,000.

✱ Development land with planning permission which was held as 'stock in trade' on 12th September 1974 by builders and developers.

✱ Land held by charities on 12th September 1974, development by approved housing associations, development by statutory undertakers for their own use or by industrialists for their own industrial use, and building for agricultural or forestry purposes.

✱ Maintenance, alteration and enlargement of buildings provided the cubic content is not exceeded by one tenth.

✱ The first £150,000 development value realised in each year above the exemption limit of £10,000 will be charged at 66⅔% up to March 1979. (See previous page for more details).

PART 8
EMPTY OFFICE BLOCKS

Finally, to return to the Community Land Act, the Act provides special powers to acquire empty office blocks. (These powers were originally going to be introduced into the 1974 Housing Act.) Where an office block of 5,000 square metres or more has been at least ¾ empty for more than two years it can be compulsorily acquired by the Secretary of State. The compensation payable is based on the value of the office block when the building was completed or at the time of acquisition, whichever is less.